

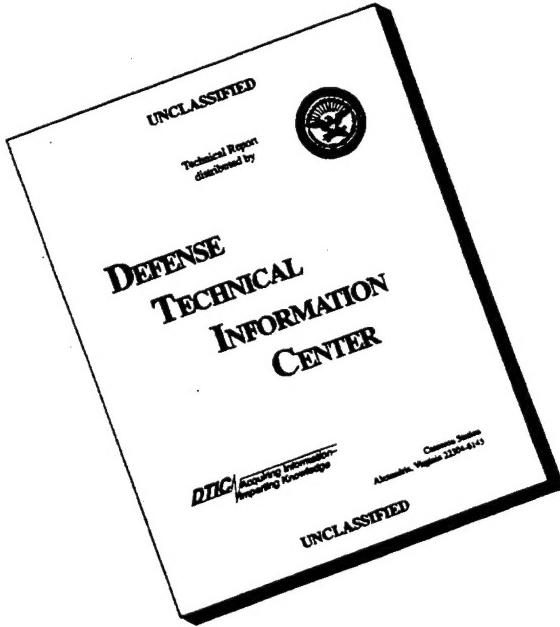
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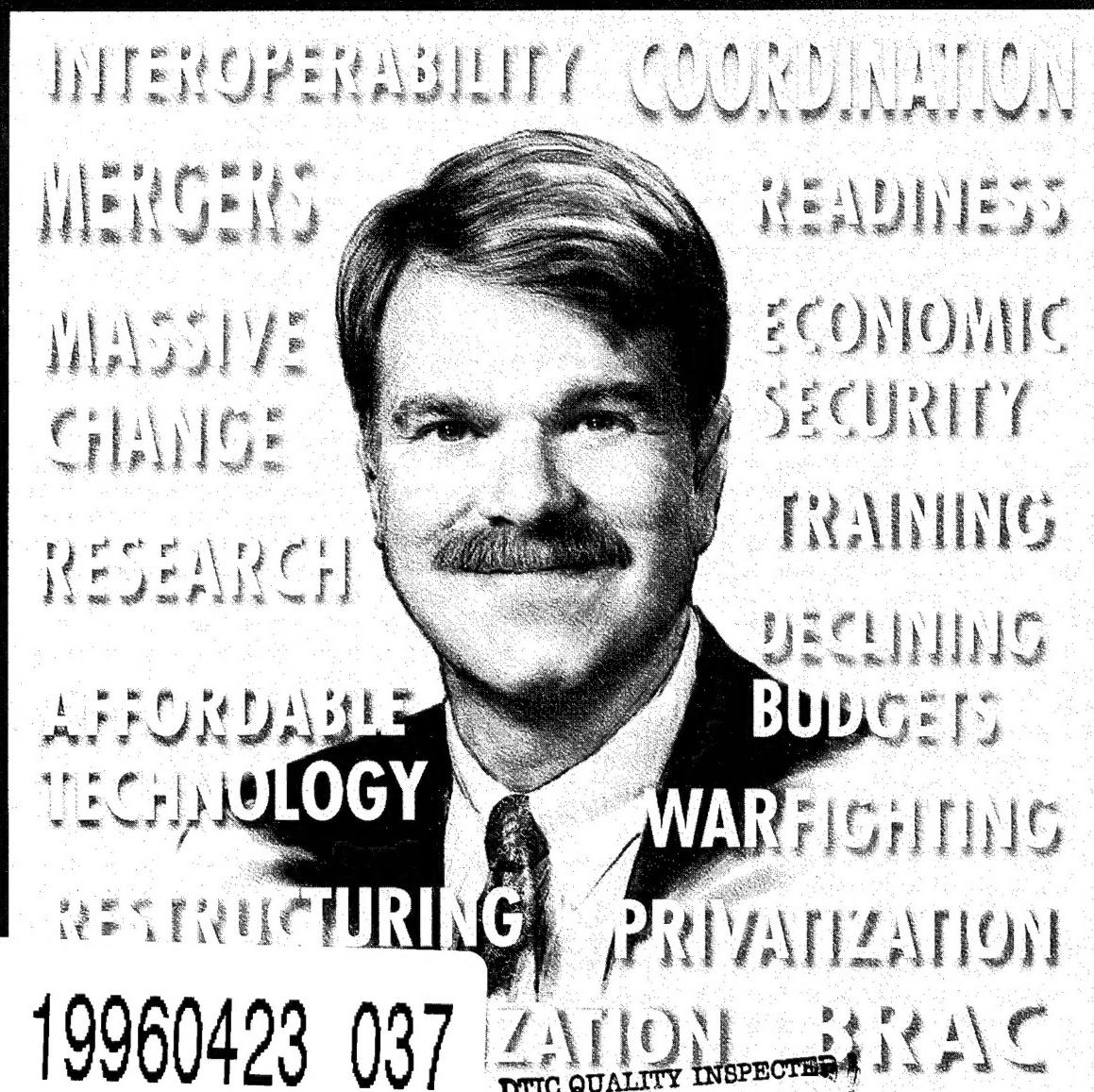
Journal of the Defense Systems Management College

DoD IPT Offsite

International Defense Educational Arrangement

1995 Acquisition Research Symposium

Joshua Gotbaum — Educating the Pentagon from a Commercial Perspective



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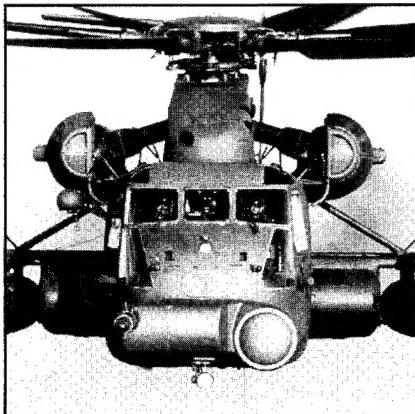


2

Institutionalizing Integrated Product Teams (IPT)

Joe Ferrara
Collie Johnson

Program Manager covers highlights of Dr. Paul G. Kaminski's 20 July 1995 DoD Offsite, "Institutionalizing IPTs: DoD's Commitment to Change."



26

Transfer of H-53 Depot Helicopter Maintenance

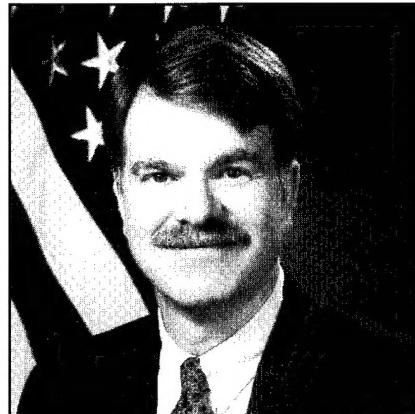
Maj. (P) Gerard J. Cotter, USA
Lt. Col. Thomas J. Meyers, USMC
Lt. Col. Carl D. Owens, USA

Pensacola and Cherry Point NADEPs identify ILS elements as critical links in successful transitioning.



6

Attendees Ask Hard Questions at IPT Offsite



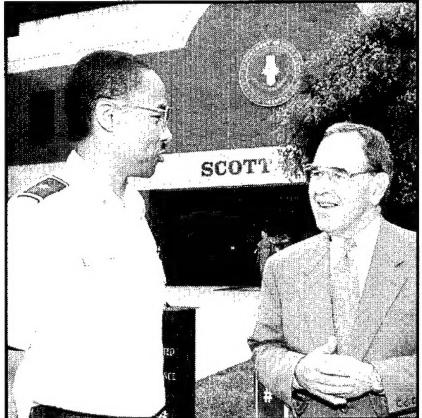
30

Program Manager Interviews Joshua Gotbaum, Assistant Secretary of Defense for Economic Security

Program Manager Interview

Which defense firms will survive — meet the man who helps the Pentagon decide.

Cover: Joshua Gotbaum, Assistant Secretary of Defense for Economic Security, speaks to Program Manager (p. 30).



14

DSMC Hosts DoD's Professional Acquisition Workforce at IPT Offsite

*James J. Clark
Norman W. Frigault*

18

FSAMC — Fundamentals of Systems Acquisition Management Course

*James J. Clark
Norman W. Frigault*

Laying the groundwork for a permanent acquisition workforce.



20

Growing the Army's FAAD Weapon Systems Into Maturity

Julian Cothran

A system maturing to meet soldiers' needs, the processes involved in that growth trek, and constraints encumbered on those processes.

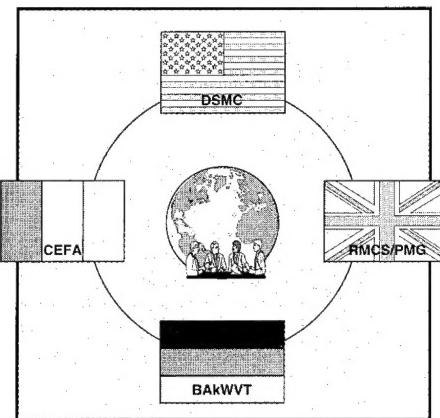


38

A Report on the 1995 Acquisition Research Symposium

Beryl A. Harman

When people stop relying on rules and can make good business decisions, things will change.



49

IDEA — A Successful International Partnership in Education

Richard Kwatnoski

Improving international training and education for acquisition/procurement management by active cooperation among national defense educational institutions with similar goals.

ALSO

Acquisition Review Quarterly — Call for Authors 13

World-Class Customer 25

Title 39, U.S.C., Ownership, Management, Circulation Statement 29

'Hang Ten' As You 'Surf' the Internet on DSMC's New Homepage 37

DSMC Hosts Air Force/Air Force Association/Industry Roundtable 52

**From the Commandant
Inside Back Cover**

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INSTITUTIONALIZING INTEGRATED PRODUCT TEAMS

DoD's Commitment to Change

Joe Ferrara • Collie Johnson

In July 20, 1995, Dr. Paul G. Kaminski, Under Secretary of Defense (Acquisition and Technology), hosted a conference on "Institutionalizing Integrated Product Teams: DoD's Commitment to Change." Over 400 participants attended the conference, including Dr. Kaminski's principal staff assistants; members of the Defense Acquisition Board; Component Acquisition Executives; Program Executive Officers; and Program Managers.

Introduction

Colleen Preston, Deputy Under Secretary of Defense (Acquisition Reform), served as conference Master of Ceremonies, and began the conference by introducing the keynote speaker, Dr. Paul G. Kaminski. In his keynote address, Dr. Kaminski outlined the purpose of the conference — to communicate his expectations and share ideas on how to implement the Integrated Product Team (IPT) approach to oversight and review of acquisition programs. Speaking of the challenge set before the professional acquisition workforce, Dr. Kaminski commented:

It is a great pleasure to be with you today. Perhaps it is fitting that we meet on this date — July 20th. On

Mr. Ferrara is a Program Analyst, Acquisition Program Integration, Office of the Under Secretary of Defense (Acquisition and Technology).

Ms. Johnson is Managing Editor, Program Manager, DSMC Press.

this day in 1969, America first landed men on the moon — Neil Armstrong took 'one small step', and mankind took 'one giant leap'. Today, I look forward to seeing us take 'one not so small step' toward what I hope will become 'one giant leap' forward in military acquisition affairs.

"The 'giant leap' we are seeking," he continued, "is a change in our defense acquisition culture. It is easier said than done. When it comes to cultural change — and what's at stake is meaningful acquisition reform — it's been my sense that..."

- it is easy to talk about why;
- harder to talk about how; and
- even harder to do.

We're done talking about why — today we're going to share our ideas on how to implement an integrated product team approach to oversight and review of acquisition programs."

IPT Objectives

A key component of successful implementation of the IPT concept, Dr. Kaminski believes, is development of specific objectives developed and supported by Office of the Secretary of Defense's (OSD) senior leadership:

- Creation of an acquisition system that capitalizes on the strengths of all participants in the acquisition process to develop programs with the highest opportunity for success.

- Fostering the early and active participation of OSD and Component staff organizations with program office teams to develop a sound and executable acquisition strategy, and identify/resolve issues as they arise, not during the final decision meeting.
- Transforming historically adversarial relationships, especially between headquarters staff organizations and program office teams, into productive partnerships.
- Placing renewed emphasis on the importance of working as a cross-functional team to maximize overall performance.

Dr. Kaminski emphasized that program teams are responsible for delivering a product — to field systems for the warfighter. Toward that end, teams should include representatives from all the appropriate 'oversight' functional disciplines, engage in full and open discussions with no secrets, and be empowered to speak for their superiors in the decision-making process.

The bottom line, according to Dr. Kaminski, is that we must shift our process from one of oversight to 'early insight'. We must make sure OSD and Component staff expertise is made available to the program manager early on so that we prevent problems or resolve them quickly, rather than identify them in a 'gotcha' fashion at the Defense Acquisition Board review.

Stakeholder behavior, according to Dr. Kaminski, is also key to the pro-

cess. When concerns are raised in a constructive way, they must be accompanied with workable suggestions and practical solutions.

Another concept Dr. Kaminski endorsed was that of 'tailoring'. Referring to the abundant flexibility in the 5000-series directives, he stated that the issue is to incentivize change away from a 'one-size-fits-all' classical mold. "We must tailor not only the acquisition strategy, but the acquisition approval process, to fit the specific circumstances of individual programs."

The Program Manager's Bill of Rights and Responsibilities

Dr. Kaminski emphasized the Department's top leadership responsibility to create a climate for reasoned risk-taking by acquisition workforce program executive officers and program managers. Before the conference began, Dr. Kaminski met with the acquisition executives, program executive officers, and the ACAT 1-D program managers and had the honor and privilege of presenting each program manager with their 'Program Manager's Bill of Rights' certificate.

Need for Cultural Change

Dr. Kaminski believes that we [Department of Defense] will need to transform the risk-averse culture that has grown up within the Department over the years. "We need the 'buy in' of all major stakeholders," he stated, "and without this cultural change, we will not develop the trust or teamwork that it takes to implement the IPT concept." He went on to say that to be fully effective, IPTs will need to rely on different individual and organizational behaviors, shifting from an environment of regulation and enforcement to one of incentivized performance. However, Dr. Kaminski cautioned that as we implement IPTs, we must ensure that we maintain a disciplined acquisition oversight and review process.

Dr. Kaminski concluded his keynote address by summarizing his

I direct an immediate and fundamental change in the role of the OSD and Component staff organizations currently performing oversight and review of acquisition programs. In the future these staff organizations shall participate as members of integrated product team or teams, which are committed to program success. Rather than checking the work of the program office beginning 6 months prior to a milestone decision point, as is often the case today, the OSD and Component staffs shall participate early and on an on-going basis with the program office teams, resolving issues as they arise, rather than during the final decision review..."

—Hon. Paul G. Kaminski
'Reengineering the Acquisition Oversight and Review Process'
April 28, 1995



DR. KAMINSKI ON THE IPT CONCEPT...

"We've convened this offsite to develop a common understanding within the Department on how we will implement the IPT concept."

"...being part of an IPT does not compromise a functional member's independent assessment role. I will continue to hold team members accountable for ensuring each program has a workable approach — we are not getting rid of the independent assessment function."

"The two most important characteristics of IPTs are empowerment and cooperation — trust and teamwork by another name."

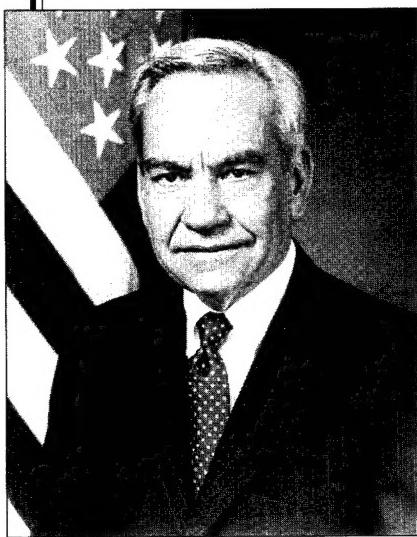
"As we institutionalize IPTs, we should remember that we're implementing a process to secure early insight — not event-driven oversight."

DR. KAMINSKI ON THE PROGRAM MANAGER'S BILL OF RIGHTS AND RESPONSIBILITIES...

"...explicitly lays out what program managers can expect from their acquisition chain of command as well as what we expect from them."

"Actions speak louder than words — each program manager can expect that my actions will track the words in this bill of rights."

"I believe it's important to put this in writing — not so much for the benefit of the individual program manager — but for the benefit of the functional staffs and other oversight agencies."



HON. R. NOEL LONGUEMARE
PRINCIPAL DEPUTY UNDER SECRETARY OF
DEFENSE (ACQUISITION & TECHNOLOGY)

**Responds to Questions on OSD's
Transition to the IPT Concept**

Why IPTs?

To improve program success rates, do the right things on time, and do them right the first time. Also, to move away from hierarchy, improve efficiency, and take advantage of all knowledge.

How will the process be different?

Under the old process, the program manager and OSD staff were at arm's length until time for the Defense Acquisition Board. Also, issues surfaced after the fact, mistrust developed, and program success suffered.

Under the new IPT process, teamwork and cooperation are present from the start. The new IPT process is a quality process to build an executable strategy and identify and resolve issues early.

How are we going to use IPTs?

Overarching IPT: This IPT will be conducted at the program executive officer/designated staff principal level.

Working-Level IPT: These IPTs are structured by the OIPT as needed to support the PM or PEO in the development of strategies and plans, including cost estimates, test plans, contracting strategies, etc.

What value do IPTs add?

IPTs increase the likelihood of program success while reducing crises and gotchas...

What are some key priorities of the IPT Concept?

Toward that end, our priorities are to control cost by considering it an independent variable, require the minimum necessary documentation, streamline the decision process, and reduce infrastructure.

How do we make IPTs happen?

Four actions make IPTs happen: (1) Decide — 28 Apr 95 USD(A&T) Memo and 10 May 95 SECDEF Memo; (2) Promulgate — updated DoD 5000 will incorporate new philosophy; (3) Train — Defense Acquisition University curriculum; and (4) Communicate — offsites. But most importantly, we need you to implement IPTs.

What about DoD 5000?

We're going to update DoD 5000 to reflect new philosophy. Also, we are implementing the new Automated Deskbook, designed for the exchange of good ideas, tools, reference material, and points of contact.

Now What?

This is a *Win-Win* approach. You have our commitment. We need your support.

thoughts on current DoD IPT initiatives:

- We need *Continuous Insight*, not *Oversight* — quality has to be built into programs from the start.
- We must emphasize *Prevention* over *Cures* — Let's identify and resolve problems early and constructively...the goal is *no major issues to resolve at the Defense Acquisition Board*, no 'Gotchas'.
- We must focus on *Program Success*, not *Functional Area Performance*... our job is to provide more for the warfighter...systems that work, faster and cheaper.

**OSD Transition to
IPT Concept**

Following Dr. Kaminski's presentation, Hon. R. Noel Longuemare, Principal Deputy Under Secretary of Defense (Acquisition and Technology), discussed OSD's transition to the IPT concept. Secretary Longuemare's presentation focused on answering several key questions concerning the IPT Concept, including the reason the Department is using IPTs and how IPTs will be implemented in OSD.

Other Presentations

Secretary Longuemare's presentation was followed by Dr. George Schneiter, Director, Strategic and Tactical Systems, OUSD(A&T); and Mr. Anthony Valletta, Deputy Assistant Secretary of Defense, C³I Acquisition, who spoke on 'Overarching IPTs — Implementation/Initial Experiences'. They were followed by the Service Acquisition Executives and selected ACAT I-D program managers, who spoke on 'Service Implementation of IPTs'. Keypoints from their presentations included:

- IPT and OIPT membership;
- an accelerated decision process;
- necessary program documentation; and
- initial experiences of selected programs.

The next speaker, Adm. William A. Owens, USN, Vice Chairman, Joint

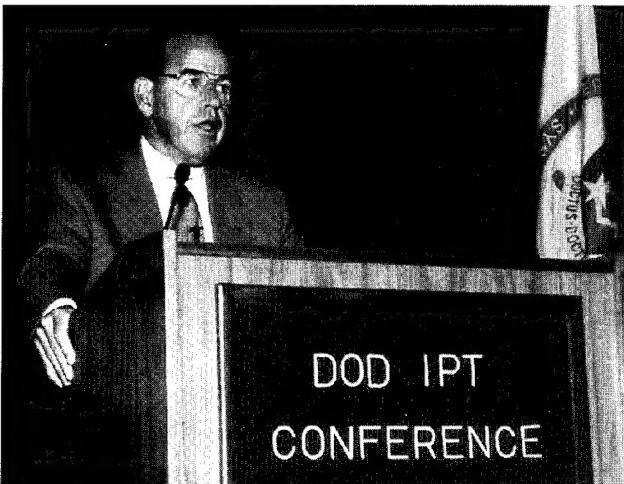


Photo by Richard Mattox

Deputy Secretary of Defense John P. White wraps up the 20 July 1995 DoD Offsite: "As you leave today's offsite, I want you to think about one word and one word only — teamwork."

Chiefs of Staff, discussed the Joint Staff's role in the IPT process. Adm. Owens stressed the need for a joint perspective in establishing systems requirements. Following his presentation, the conferees recessed for a luncheon address by Mr. Derek Vander Schaaf, Department of Defense Deputy Inspector General, on 'Inspector/Auditor Support to IPTs'.

Information System Review Council (MAISRC) Process'. Mr. Paige endorsed IPTs as an excellent way of ensuring flexible, value-added oversight. Finally, Mr. Paige discussed the ongoing integration of the Automated Information System life-cycle management regulations with the DoD 5000-series directives.

Mr. Vander Schaaf stated that the Inspector General had been in the forefront of acquisition reform and would do their best to support IPT implementation.

Secretary Preston, Master of Ceremonies, then led a panel discussion on the role of Overarching IPT members and their staffs. After the panel discussion, there was an extended Question and Answer session, with the panelists accepting questions from the conference attendees.

Dr. John P. White, Deputy Secretary of Defense, concluded the offsite with a brief wrap-up. Secretary White stressed that the acquisition system *must* be focused on meeting the warfighters' needs. The IPT concept, according to Secretary White, is exactly the type of management process the Department needs to thrive in a fluid security environment and constrained fiscal environment. He congratulated the conference attendees for addressing the important topic of IPTs, and concluded with one final comment: "As you leave today's offsite, I want you to think about one word and one word only — teamwork."

The Program Manager's Bill of Rights and Responsibilities

Program Managers have the RIGHT to:

- A single, clear line of authority from the Defense Acquisition Executive.
- Authority commensurate with their responsibilities.
- Timely decisions by senior leadership.
- Be candid and forthcoming without fear of personal consequences.
- Speak for their program and have their judgments respected.
- The best available training and experience for the job.
- Adequate financial and personnel resources.

To signify our support for the Program Manager and our commitment to the Program Manager's Bill of Rights and Responsibilities, we affix our signatures below.

Program Managers have the RESPONSIBILITY to:

- Accept program direction from acquisition executives and implement it expeditiously and conscientiously.
- Manage their programs to the best of their abilities within approved resources.
- Be customer focused and provide the user with the best, most cost-effective system or capability.
- Innovate, strive for optimal solutions, seek better ways to manage, and provide lessons learned to those who follow.
- Be candid about program status, including risks and problems as well as potential solutions and likely outcomes.
- Prepare thorough estimates of financial and personnel resources that will be required to manage the program.
- Identify weaknesses in the acquisition process and propose solutions.

As the Program Manager, I have full program responsibility and accountability. I pledge to do everything in my power to warrant the rights granted to me and to fulfill these responsibilities.

Program Executive Officer

Program Manager

Acquisition Executive

Defense Acquisition Executive



DR. KAMINSKI REPLIES TO IPT OFFSITE QUESTIONS

Editor's Note: In a 14 August 1995 memorandum to the Secretaries of the Military Departments; Chairman, Joint Chiefs of Staff; Department of Defense Inspector General; General Counsel; and Senior OSD Leadership, Dr. Paul G. Kaminski, Under Secretary of Defense (Acquisition and Technology), thanked the conferees for their participation in the 20 July 1995 DoD Offsite, "Institutionalizing Integrated Product Teams: DoD's Commitment to Change." As an attachment to his memorandum, he responded to questions that surfaced during the presentations. The questions and Dr. Kaminski's responses are reprinted below in their entirety.

Vision

What is your vision of the milestone review process when the Integrated Product Team (IPT) concept is fully implemented?



While the ACAT I-D process is described for illustration, all other ACAT-level programs should follow a similar process within the Services. The objective of the IPT process is to eliminate sequential and redundant program reviews — by the Program Executive Officer (PEO), the Service staff, the Service Acquisition Executive (SAE), the OSD staff, and finally by the Defense Acquisition Executive (DAE). The end-state IPT process will consist of the Service staff working with the OSD staff, alongside of and in support of the Program Manager (PM), building successful programs. Their collective knowledge and experience will facilitate programs that have affordable and executable strategies and plans from the outset.

All participants will have a stake in making the Department's program successful, not finding fault with a program late in a cycle. At the Overarching IPT (OIPT) level, the senior staff from the Service and OSD will jointly resolve issues and review a

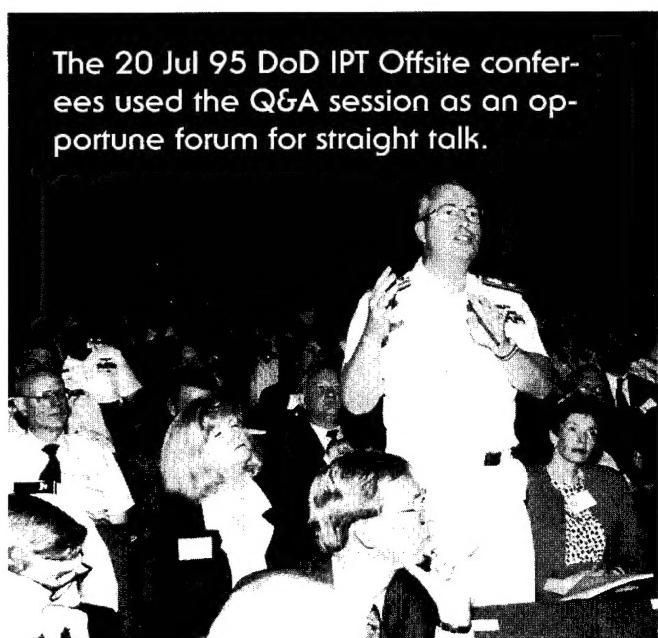
program's readiness to proceed to the next phase. We can eliminate the need for the Services to conduct a separate program review before sending the program to a Defense Acquisition Board. We will work together — the Services and OSD — as one Department, to develop strong programs, address issues in a timely and productive manner, and make joint, sound business decisions regarding a program's future course. Diminishing funding and personnel resources mandate that we operate this way. We must work together, capitalizing on each other's knowledge and experience, to get the greatest return possible on our investments. The IPT process is designed to achieve that objective.



Two divergent and potentially conflicting understandings were evident in the dialogue with respect to OSD staff roles under the IPT approach. Some of the staff view the major benefit of IPT participation to be early identification and reconciliation of issues to ensure program success.

Others view the major benefit to be a better way to achieve program over-

The 20 Jul 95 DoD Offsite conferees used the Q&A session as an opportune forum for straight talk.



sight. This is a major philosophical difference in perspective that can make the difference between success or failure of the initiative. Oversight/independent assessment is obviously still a role that OSD must play for a multitude of reasons; however, it is essential for OSD leadership to clearly articulate the relative priority of "early identification and reconciliation of issues to ensure program success" and "en-

hanced oversight." Both are by-products of IPT operation, but only the former is a fundamental change in OSD staff roles. Can you clarify your priorities for the role of the staff in working with IPTs?

A

Working as teams to develop strategies and early identification and reconciliation of issues to ensure pro-

gram success is the No. 1 priority of IPTs. An additional benefit of working early with the program teams is that early insight to the program issues will result in better oversight and allow for more informed independent assessments. While oversight/independent assessments are very important, they are the by-product of working as IPTs and should not be the staff's primary focus.

The Role of IPTs in Relation to Decision Makers

Q

Early and continuous participation of the OIPT could conceivably lead to de facto program management by committee. In your view, what are the boundaries of responsibility between the OIPT and the PM? What is your intent regarding maintaining the distinction between line and staff organizations?

A

The working-level IPTs are advisory groups supporting the PM, to develop and recommend program strategies and plans. The OIPT, comprised of senior Service and OSD staff and functional directors, provides strategic guidance to the PM and PEO. All IPT members must have the authority to represent their organization's position. The PM is in charge of the program — the PM is the decision maker.

Q

How do you respond to the position that cost performance, test and evaluation, and other proposed IPTs are not really IPTs because they are too focused and not really integrated with other (and sometimes competing) program issues and concerns?

A

Each of these IPTs is focused on a particular process, but each is multidisciplinary, containing representation from different organizations (e.g., user, logistics, systems engineering, etc.) and different levels (OSD, Service, Procuring Contracting Officer [PCO], Syscom, PM) in order to effectively integrate the various functional perspectives into an affordable, executable process that is tailored to the individual program. Also, each Service will establish a management or integrating IPT to integrate the efforts and resolve issues resulting from other working-level IPTs. In accordance with (IAW) the Program Manager's Bill of Rights, that Integrating IPT will normally be led by the PM, who is responsible for the overall manage-



Photos by Richard Mattox

ment of his program—unless the SAE decides otherwise.

Q we free to choose any IPT model as we see fit?

A

Clarify the role of the OIPT and working-level or weapon-system IPT as they relate to the execution chain of command (i.e., DAE-SAE-PEO-PM). If these IPTs are in the oversight and review mode, are they advisors to the DAE, SAE, PEO, and PM, or do you believe they will also be making decisions that are binding on the PEO and PM?

A

OSD staff members on working-level IPTs have an advisory relationship with the PM, but they are also charged with the responsibility to raise issues when they are identified. Issues/concerns must first be raised at the working-level IPT in consultation with the functional principal if required. However, if the issues cannot be resolved in the working-level IPT, the issue can be raised to the OIPT. The OIPT works during the development phase to streamline documentation and the review process, to resolve issues resulting from working-level discussions, and is also responsible for providing to the DAE an independent assessment of a program's readiness to proceed at the end of the phase. The PM and PEO will be actively involved at both levels in the resolution of any issues. For the process to operate as designed, agreements must be binding. However, disagreements will be resolved at the lowest possible level, but can be raised at any time to higher levels, including the DAE, for a final decision. We would view issues that should have been raised earlier, but were not surfaced until the last minute, to be a failure of the new IPT process.

Role of Staffs

Q Air Force's IPT model suggests that the staff-level IPT deal with issues and processes only, but not program execution. This is different from what Mr. Longuemare has proposed. Are

There is no one-size-fits-all, working-level IPT model. While each of the Services is developing a slightly different approach, there are three basic tenets to which any approach must adhere: (1) As I emphasized at the July 20 IPT Offsite, and per the Program Manager's Bill of Rights and Responsibilities, the PM is in charge of his or her own program; (2) working-level IPTs are advisory bodies to the PM, responsible to and empowered by the PM; (3) direct communication among all levels in the acquisition process is encouraged as a means of exchanging information and building trust. The USD(A&T) and the Component Acquisition Executives (CAE) have a responsibility to review and make decisions on certain programs. IPTs do not supplant that responsibility.

Q

From briefings on 20 July it is not clear whether the OIPTs will include Service principal office representatives who are counterparts of the OSD principal office representatives. If they are not to be included, it would encourage a parallel OIPT to be established at the Service level — this would not reflect an integrated approach. Please comment.

A

ACAT I-D OIPTs and working-level IPTs will include service and OSD staff and functional representatives. The intent is to be inclusive vice exclusive. The purpose of IPTs is to build successful programs, i.e., develop affordable executable strategies and plans, and to identify and resolve issues early. There will be a parallel structure for ACAT I-C and below programs. An objective is to streamline the process such that the OIPT will reduce the need for Service-level Systems Acquisition Review Council meetings for ACAT I-D program decisions. Of course, that decision will be at the discretion of the CAE.

Q

How do we deal with 'adversarial' representatives on IPTs (non-team players sabotaging at every turn)?

A

Where there are differences of view, those differences should be resolved within the team. When the differences cannot be resolved, those issues should immediately be raised to the next level of decision making. Unprofessional activity will be reviewed and resolved by the responsible supervisors.

Q

We have a perception that this IPT concept is embraced and supported at the top level in OSD, but not at the working levels of the OSD staffs. This makes IPT implementation more difficult and more susceptible to sabotage.

A

The use of IPTs is a 'win-win' for both top- and staff-level OSD and PMs. Understanding that skepticism remains, the use of IPTs and the resulting benefits will be reaped by all over time. However, learning the process and becoming comfortable with it also requires time. Be assured that the leadership in OSD, career, political and military, strongly support the IPT process and are committed to making it work. Everyone must embrace the IPT concept, and they must now be evaluated on how well they support the process and contribute to the success of acquisition programs vice finding fault late in the process.

Independent Assessments

Q

How is the principle of independent assessment compatible with the issue-raising/issue-resolving principle behind IPTs? Are the independent assessors fully participating members and/or leaders of the IPT — part of the decision-making process? Doesn't the principle of independence interfere with the IPT concept and vice versa?

A

Independent assessments are compatible and possible within the IPT process. However, within the IPT construct, the independent assessments are a continuous process. Under the old way of doing business, the independent assessments occurred at the end of a program phase: functional elements of the program were 'graded', and pass/fail reports were provided to the PM, the Service and OSD functional chiefs, and the Milestone Decision Authority (MDA). Under the IPT concept, the functional representatives from both the Service and OSD levels, will participate in developing sound, executable, and affordable strategies and plans with an eye toward making the program a success. Both functional representatives and the PM must consider alternative means of reaching objectives. However, if a functional representative cannot agree with an evolving strategy or plan, that representative is duty-bound to seek to resolve and, if necessary, elevate that issue to his or her functional supervisor and the PM for resolution, through the OIPT, and ultimately to the DAE if not resolved by the OIPT.

Therein, the independent assessment role under the IPT construct has facilitated resolution of the issue, much earlier and more constructively than it did under the old way of doing business. The issue is identified and resolved quickly, and the program proceeds without undue delay. This role does not in any way compromise the role of OSD as an independent assessor.

Defense Acquisition Executive Summary (DAES)

Q

Given the IPT concept, why is Service involvement required at DAES reviews — why can't the OSD IPT member address all issues? Why do we still need DAES reviews?

A

Basically, the IPT process and the DAES do different things. The IPT/

OIPT function is to develop successful program strategies and, through early and continuous insight, identify and resolve problems in a timely, efficient manner. Another important function that must be performed is keeping the USD(A&T) regularly informed regarding the status of the ACAT I-D programs for which he or she is held accountable. DAES serves the function of providing quarterly feedback to MDAs on program execution against baselines as needed for effective oversight between milestones. As a point of clarification, the DAES process started out with only OSD participation in the briefings. The Services, including many PEOs and PMs, have requested participation, and that has been granted on a space-available basis. As the IPT process matures, the DAES reporting process may also change to meet the DAE's needs.

Government-Contractor Relations

Q

How does the Federal Advisory Committee Act (FACA) affect or restrict industry's participation on program office IPTs?

A

An 'advisory committee', as defined by FACA, includes any committee, panel, task force, or similar group that is established or used by an agency or officer of the government to obtain advice or recommendations on issues or policies within the scope of the agency official's responsibilities, and whose membership includes anyone other than full-time officers or employees of the Federal Government. A committee that includes non-government representatives to provide an industry view, would be an advisory committee covered by FACA, and must follow the procedures prescribed by the Act.

In addition to FACA considerations, PMs must also remember that the participation of a contractor or a prospective contractor on an IPT could

violate other statutory requirements, such as the statutory procurement integrity rules. For example, involvement by potential contractors on a program IPT during the solicitation process could result in improper access to information. Prospective contractor involvement on IPTs should be reviewed by the Component's legal advisor.

A contractor, as part of an IPT, providing advice to a program office in accordance with the requirements of its contract, generally would not be considered an advisory committee and therefore should not be affected by FACA. However, refer to the question and answer on maintaining contractor responsibility.

Q

How do you hold the contractor responsible for performance when you share every decision he or she makes? If the contractor doesn't meet specification requirements, isn't the government responsible?

A

The contractor is responsible for executing his/her contract. Changes to the contract require action by both the PCO and the person designated by the contractor to make changes. IPTs cannot make decisions for the contractor nor direct the contractor in the performance of contract responsibilities. In relation to contractor performance, the purpose of the IPT is to assist the parties in understanding the contract requirements, facilitate timely issue resolution, and to allow the government to gain early insight into the contractor's performance. It must be clear to the contractor that the IPT guidance will not change the contract requirements. Any perceived change to those requirements must be addressed to the PCO for resolution and potential contractual implementation. The government officials leading the IPT must ensure that these ground rules are clear and spelled out in a way to ensure that they will withstand a challenge.

Resources



From an OSD Action Officer (AO) (i.e., OSD staff member) perspective, the IPT concept has resulted in a significant added workload. How do we plan to accommodate the added workload? How do you change the mind-set of OSD managers to empower AOs to make decisions for their organization?

It seems that some PMs feel that they will have to 'staff up' to support IPTs. How do you respond to this? And if it's true, what will the course of action be?



Staff levels are declining as noted in other questions. It is important to understand that OIPTs and IPTs are not intended to meet regularly nor frequently. Information can be exchanged and members updated through other forums such as phone calls, tele-video conferencing, e-mails, faxes, DAES, etc. When OIPT and IPT meetings are convened, they must be well organized and constructively consume the member's time in supporting the PM. Everyone must use available resources to work smarter, not harder.



What, if any, training will be provided to your staff on what it means to be an effective 'team member'? We found in the program office that our people required team training.



Efforts are underway to define appropriate training. The Defense Acquisition University (DAU) has been tasked to update their curriculum by October 1995. Many of the courses already include training in the IPT process.



As part of the drawdown of the Army, my PEO core staff has been reduced in size. Over a 3-year period, its size has been reduced about 25 percent. We perceive out in the field that the OSD staff needs a similar size

reduction. Are there any firm plans in OSD for reduction in staff size?



The OSD staff is shrinking over the Program Objective Memorandum years: 3 percent in FY95 and 5 percent each year thereafter. In addition, the Office of Management and Budget (OMB) direction regarding staff augmentation, now being formalized by a DoD Directive, will effectively reduce OSD staff even further in FY96.

The net effect will be a percentage reduction of the OSD staff, including A&T, at least as great as the reductions to the Service acquisition workforces. In addition, I have commissioned a review of the way the USD(A&T) organization is structured, given the new IPT way of working. IPTs are one way of effectively and efficiently using this smaller workforce. We will need to make further reductions in infrastructure in order to reduce costs. To the extent that IPTs can identify non-value/redundant work, they will help guide infrastructure reduction efforts.

IPT Meetings

How often do you envision the working-level IPT meet, or can any of the 30+ members call for an IPT meeting?



IPTs meet as often as necessary to work and resolve issues. Working-level IPTs will meet as necessary to produce a specified product, review progress, and resolve issues. However, regular 'update' meetings should not be conducted. The OIPT will meet only to resolve the most significant issues and to determine program readiness and review plans for the next phase.



Do you see a danger in OSD of every problem having an IPT to supposedly solve it (danger of overuse/abuse of IPTs)?



Yes. IPTs are not intended to solve every problem. IPTs are focused on building successful acquisition programs: develop affordable and executable strategies and plans; identify and resolve issues early; and, provide continuous early insight to the MDA. We need to make sure that the IPT philosophy does not become a cult in order to productively use our personnel resources, especially in this era of downsizing.

Major Automated Information Systems Review Council (MAISRC)



The off-site presentations focused on the Defense Acquisition Board (DAB) and DAB programs. What are the plans for implementing this concept in the MAISRC process? Any plans for specific Automated Information Systems (AIS)?



It is both Mr. Paige's and my desire to integrate the MAISRC and DAB processes — to use similar principles and processes to accomplish their function. The rewrite of DoDD 5000.1 and DoDI 5000.2 will fully integrate the 8000-series documents. However, the MAISRC will still exist as a separate body, and AISs will continue to have separate thresholds.

Role of the Comptroller



In the past it has appeared that, despite comptroller participation in the DAB, comptroller funding recommendations do not reflect program decisions made by the DAB. Will the comptroller participate in the IPT? Will the comptroller funding recommendations and decisions be consistent with DAB/OIPT acquisition strategies?



The Comptroller is a member of both the Defense Resources Board (DRB) and the DAB. We expect that the Comptroller will participate in the

process of building successful programs. As stated by the Director, Investments, the Comptroller representatives would be empowered representatives. That is not to say that later in a fiscal year or under different circumstances, the program will not undergo reductions.



How can we expect program managers and PEOs to dialogue openly about funding issues or cost savings initiatives with comptroller team members given the objective that comptroller people often have to find funds for other shortfalls?



The IPT process can help people at all levels involved in PPBS to understand programs. There are instances when the PPBS is not fully integrated with the acquisition management or the IPT process. However, the IPT process will keep the Comptroller and the DAE better informed, thus facilitating more enlightened PPBS decisions.

Role of the DODIG



How do we reconcile the punitive nature of the Department of Defense Inspector General (DODIG) with streamlining and innovative initiatives that can always be second-guessed?



The DODIG has been a helpful participant in process action teams, working groups, and developing legislative proposals for acquisition reform. Further, DODIG has stated publicly a desire to be more helpful to the Department for reform initiatives and problem resolution. The DODIG has a statutory role to perform audits. Auditing by its nature looks at what has been done and how things can be done better in the future.

In the acquisition process, the DODIG has an auditing role, but he is not a member of the DAB because the

DODIG is not a part of the management decision process. In addition, I requested the DODIG, along with the Component inspection and audit organizations, to review the feasibility of consolidating the scheduling of all acquisition management audits and inspections at the DoD level; and to schedule cyclic audits and inspection of any one program on a biennial schedule, except in cases of fraud, waste, or abuse. The results of that review are due to me in October 1995. Also, the DODIG is working with the Component audit and inspection organizations on developing an automated system that will show all ongoing and planned audits and inspections of acquisition programs. Further, the report will show the locations or programs where the audit or inspection will be performed. Reports from the system will be made available to the acquisition community in the fall of 1995.

Documentation



OSD has defined a management process. Has the senior management looked at the level of documentation necessary to support that process — particularly with an eye toward relieving documentation burdens on PMs?



Yes. I have moved to a 'tailored-in' philosophy of documentation and have directed the Services/Agencies to examine their documentation requirements. We all have to accept that there will always be documentation to meet statutory requirements, provide good management, and provide an audit trail of decisions and rationale. The documentation will be streamlined and tailored to each situation by the OIPT. This philosophy is being incorporated in the rewrite of the DoDD 5000.1 and DoDI 5000.2.



The Systems Acquisition Management Plan (SAMP) is described as a summary document. As such, does

that mean it summarizes information found in other existing documents and is not intended to replace them?



The intent of creating a single document is to provide the decision maker with the opportunity to approve a program's direction as described in its acquisition strategy, etc., early—prior to final Request For Proposal (RFP) release. The SAMP is a term first used by the Air Force for a single, consolidated document. The objective of the SAMP, or any SAMP-like document, is to meet the needs of the decision maker while providing only the essential information to make the decision. Our intent is to eliminate stand-alone documents that have, in the past, resulted in unnecessary duplication of information. This concise document will be complete and not summarize other documents, and it will be updated as program information changes. The SAMP-like document meets the needs of the decision maker. It does not replace the various program plans required and prepared by the PMO; they are not provided to the MDA unless required by statute.



Will all programs be required to produce a SAMP? When will we receive guidance on the acceptable SAMP format?



There is no such thing as an 'acceptable' SAMP format. The SAMP is a concept. Each program will, to the maximum extent practical, prepare a single document that is tailored to the individual program. It will contain: the information required by statute, the information requested by the MDA, and the information necessary for the MDA to make his or her decision. What was contained in the Space Based Infrared System (SBIR) SAMP won't necessarily apply to a missile, tank, aircraft, or ship program. Moreover, the SBIR SAMP probably doesn't contain all of the information required for those other kinds of weapons pro-

grams. Even all aircraft programs may not require the same information, based upon their acquisition approach, program phase, and technical risk.

When preparing the program's documentation, the PM must consider what information has been requested by the MDA. This will normally be determined by the OIPT prior to or early in the program phase so that PMs can plan for that requirement as they execute their programs, provide feedback to the MDA, and ultimately prepare for the next milestone decision review. The single document is expected to contain strategies that need to be approved by the MDA and other information that the MDA requires in order to make his or her decision. It will not contain detailed management plans. With the exception of the TEMP, which by statute must be approved by OSD, other detailed management plans (such as the ILS plan, the program management plan, producibility plan, etc.) are PM working tools, and they shall not be required as reports to the OSD or Component Headquarters staff organizations. Bottom line: There will be no standard format — no cookie-cutter approach. Each PM shall tailor his/her SAMP-like document to the program needs.

Institutionalizing the IPT/OIPT Process

Q *It is obvious that the various PMs will be innovative in streamlining the acquisition process by streamlining the subprocesses. How will these ideas be captured, shared, and historically preserved for use across OIPTs?*

A As part of the DoD 5000-series rewrite, which will divide the current guidance into mandatory and discretionary, an Acquisition Deskbook will be created. The Acquisition Deskbook will provide automated, on-line, real-time access to acquisition management policies, practices, lessons-

learned, and current management tools promoting the adoption and practice of sound systems management principles. As DoD's primary reference tool, relied upon for promoting systems acquisition management excellence, it will be the vehicle for capturing, sharing, and preserving process innovations.



Each Service has a different approach to working-level IPTs. Are there any processes (agenda, meeting minutes, agreement memorandums, etc.) that should be standardized across DoD?



DoD wants to encourage flexibility, innovation, and tailoring in executing the IPT concept; it does not want to mandate organizational structures, procedures, or formats. However, A&T/API is to publish 'rules of the road' providing guidance on conducting successful IPTs. The rules will speak to such common-sense activities as the need for advanced and coordinated scheduling, agenda development, and publication of meeting minutes.

Pre-Milestone 0 IPTs



Does the IPT concept apply to pre-milestone 0 situations, such as Advanced Concept Technology Demonstrations (ACTD)? If so, how?



IPT is a concept to bring all major stakeholders together to solve a particular issue or to perform a particular function. For example, IPTs are currently being held on various ACTDs to develop plans for how and at what point that ACTD will enter the formal acquisition process.



Please explain the apparent disparity between the decision process described on your (i.e., Dr. Schneiter's) 'Life Cycle Cost Performance IPT' slide and your 'Acceler-

ated Decision Making' slide. Why do recommendations for cost savings changes have to go through the Operational Readiness Demonstration (ORD) approval authority, Joint Requirements Oversight Council (JROC), and OIPT for review before approval by DAE? Aren't 'requirements' communities empowered for IPT activity?



The requirements community will play a very active role in any discussions regarding cost-performance trades. Should those discussions result in recommendations to change key performance parameters, the JROC, which is the only body empowered to validate them, must approve the changes. The Cost Performance IPT (CPIPT) and the OIPT can make recommendations with that end in mind.

Program 'Rebaselining'



Please clarify what 'rebaselining' a program means.



Rebaselining does not refer to Acquisition Program Baselines. When used in the OIPT context, the term 'rebaselining' refers to the direction included in my April 28 memorandum. That direction required the OIPT leader and the SAE to identify candidate programs, recommend the IPT approach to be taken, and to specify the next and future review points for the program, including the appropriate level of decision authority. The SAEs have identified the programs, and the rebaselining effort is underway.



How do IPTs relate to implementing Integrated Product and Process Development (IPPD)?



IPPD is a management technique that simultaneously integrates all essential acquisition activities through

the use of multidisciplinary teams to optimize the design, manufacturing, and supportability process. IPTs are key to making the IPPD work.

IPTs include representatives from all appropriate functional disciplines working together to build successful programs and enable decision makers to make the correct decisions at the right time. In addition to the PMO-contractor IPTs established to manage program execution, two types of IPTs, the Overarching IPT (OIPT) and the working-level IPTs, have been established to facilitate building more successful and affordable programs, resolve problems, and gain early insight for program insight.

The OIPT, consisting of senior Service and OSD staff representatives and functional directors, provides strategic guidance to the program office. The OIPT is focused on tailoring the program structure and execution to that which is applicable to the program and satisfies the needs of the MDA. The OIPT will provide strategic direction toward developing affordable and executable programs. Additionally, the OIPT, through early and continuous insight, will identify and resolve concerns and issues in a timely manner, keeping programs on track.

The working-level IPTs, consisting of staff and functional representatives from both OSD and the Services, will support the PM by developing the integrated strategies and plans that execute the top-level guidance and recommendations provided by the OIPT. The working-level IPTs are largely focused on the programmatic details, e.g., contracting, testing, management, etc., required to execute the program. Also, each Service will establish a management or integrating IPT to integrate the efforts and resolve issues resulting from other working-level IPTs. IAW the Program Manager's Bill of Rights, that Integrating IPT will normally be led by the PM, who is responsible for the overall management of his or her program —

unless the SAE decides otherwise. The objective is to make the program successful by preparing affordable and executable strategies and plans, that are tailored to the program requirements.

Foreign Involvement



Global economy; increasingly global industrial base; coalition warfare strategies; diminishing resources: any thought toward involving our allies in the IPT process?



The DoDD 5000.1 will continue to encourage international cooperation. The statutory requirement for a Cooperative Opportunity Document (COD) still exists, although now it will be done by the Assistant Secretary of Defense (Economic Security) Staff. IPTs will be formed when planning begins, prior to program initiation. International cooperative programs could have foreign government representatives at the working IPT level or OIPT level, as a full member of the process.

Metrics



The perception has been that the OSD staff measure of success was finding problems/issues. Why not use program success as the measure of merit?



DUSD(AR) is presently working to define metrics into two categories: process and outcome. Process metrics would measure some of our efforts to streamline the process, like less documentation to support a decision interview. Outcome metrics would attempt to measure program successes such as reducing the time it takes to develop a weapon system. Part of the change directed by Secretary Perry is to move from 'checking' programs to building successful programs, resulting in a shift in emphasis on the part of the OSD Staff. However, focusing on building successful programs does not

ACQUISITION REVIEW QUARTERLY

Call for Authors

The *Acquisition Review Quarterly (ARQ)* is actively seeking manuscripts based on scholarly research or empirically supported experience relevant to the defense acquisition process.

Papers should address one or more of the following areas as they relate to DoD systems, supplies, or services: conceptualization, initiation, design, development, test, contracting, production, deployment, logistic support, modification, or disposal.

Research or tutorial articles should not exceed 4,500 words, and opinion pieces should be limited to 1,500 words. Complete guidelines for authors are available by calling (703) 805-4290.

Published under the auspices of the Defense Acquisition University in Alexandria, Virginia, the *ARQ* is a scholarly, peer-reviewed journal targeted to senior defense acquisition professionals. It is included in several indexes of professional journals, including the upcoming edition of *Cabell's Directory*.

mean that unsuccessful programs should not be identified and canceled.

A New Way of Doing Business

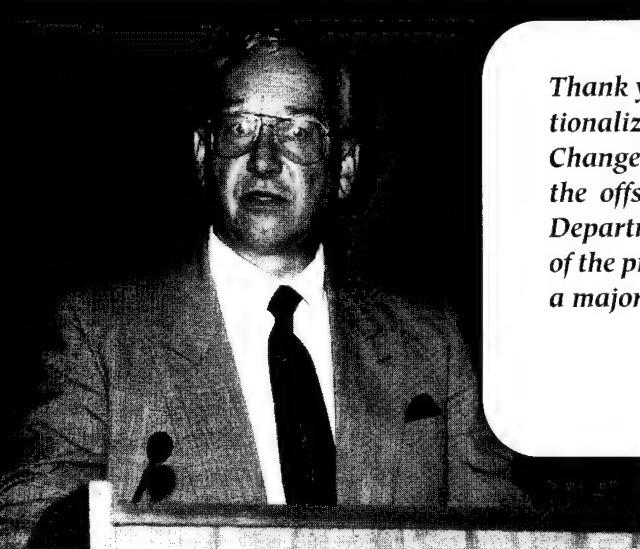


After listening to everything said so far, how can I be ensured this is not business as usual (or more) under a new name (especially from an OSD perspective)?



You can be sure that this will be business as usual under a new name without our collective commitment and buy-in. Real change cannot be directed by me or by Secretary Perry. We need buy-in starting at the working level. You all must believe that we can significantly improve our acquisition system, and I must work with you to provide visible support and incentives for change. That is why we are all here together today.

DSMC HOSTS DOD'S PROFESSIONAL ACQ



Above: Hon. Paul G. Kaminski, USD(AGT), delivers the keynote address at the DoD IPT Offsite, 20 July 1995, at DSMC's Howell Auditorium.

Thank you all for helping make our July 20, 1995, offsite, "Institutionalizing Integrated Product Teams: DoD's Commitment to Change," a big success. As you know, my major objective in holding the offsite was to develop a common understanding within the Department of how we will implement the IPT concept. As a result of the presentations and discussions at the Offsite, I believe we took a major step forward in achieving that common understanding.

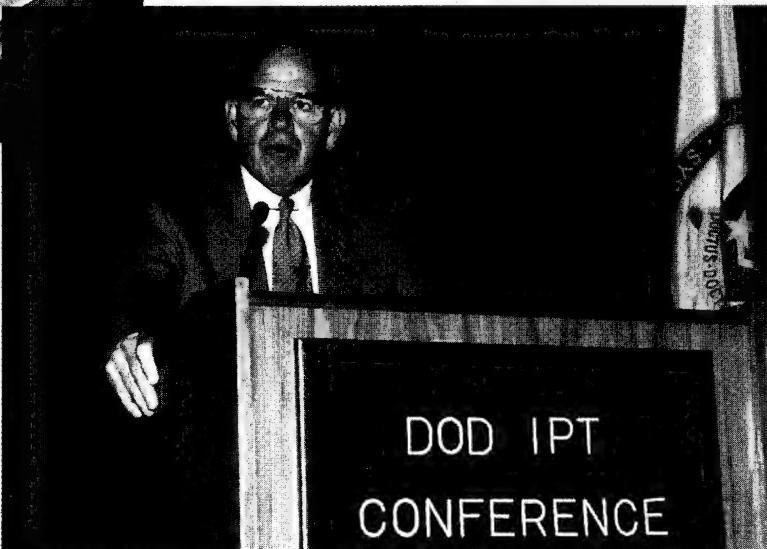
—Hon. Paul G. Kaminski
Under Secretary of Defense (Acquisition and Technology)
August 14, 1995



Above: Colleen Preston, DUSD(AR), served as Master of Ceremonies and moderator of a question and answer session on the role of Overarching IPT members and their staffs.



Above: Over 400 conferees gathered in DSMC's Howell Auditorium for the DoD IPT Offsite held on 20 July 1995.

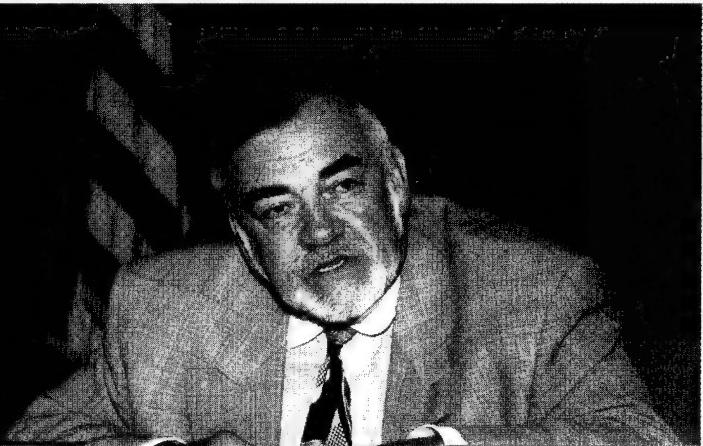


ACQUISITION WORKFORCE AT IPT OFFSITE

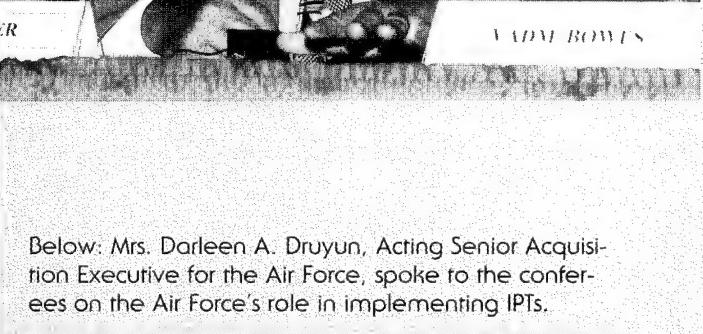


Left: Department of Defense Deputy Inspector General Derek Vander Schaaf presented a luncheon address to the conferees on 'Inspector/Auditor Support to IPTs'.

Below: Hon. Gil Decker, Senior Acquisition Executive for the Army, spoke to the conferees on the Army's role in implementing IPTs.



Above: Vice Adm. W. C. Bowes, USN, Principal Deputy Assistant Secretary of the Navy for Research, Development and Acquisition, spoke to the conferees on the Navy's role in implementing IPTs.



Below: Mrs. Darleen A. Druyun, Acting Senior Acquisition Executive for the Air Force, spoke to the conferees on the Air Force's role in implementing IPTs.



DSMC HOSTS DOD'S PROFESSIONAL ACQ

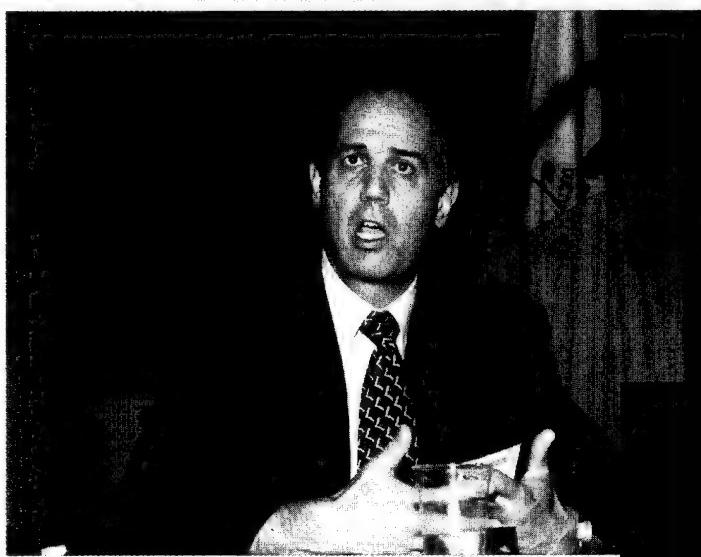


Left: Hon. R. Noel Longuemare, Principal DUSD(A&T), discussed 'OSD's Transition to the IPT Concept'.

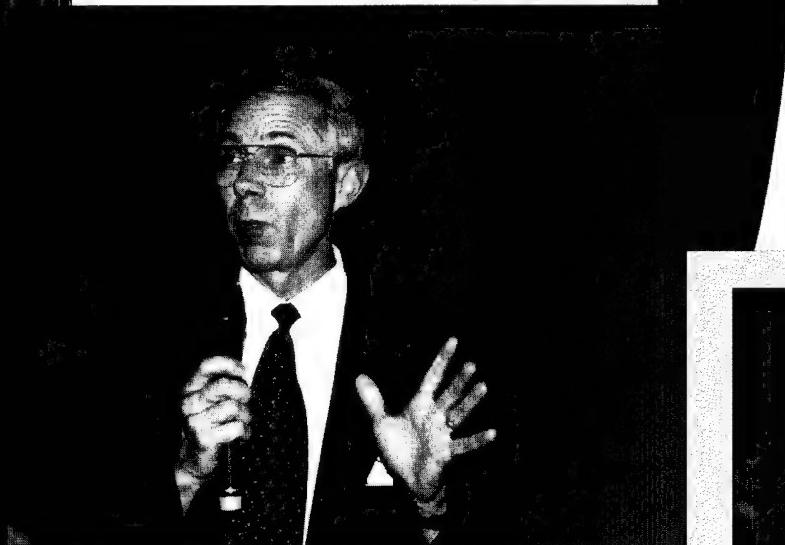
Below: Adm. William A. Owens, USN, Vice Chairman, Joint Chiefs of Staff, discussed 'The Joint Staff's Role in the IPT Process'.



Below: Dr. George Schneiter, OUSD(AGT), spoke to the conferees on 'Overarching IPTs — Implementation/Initial Experiences'.



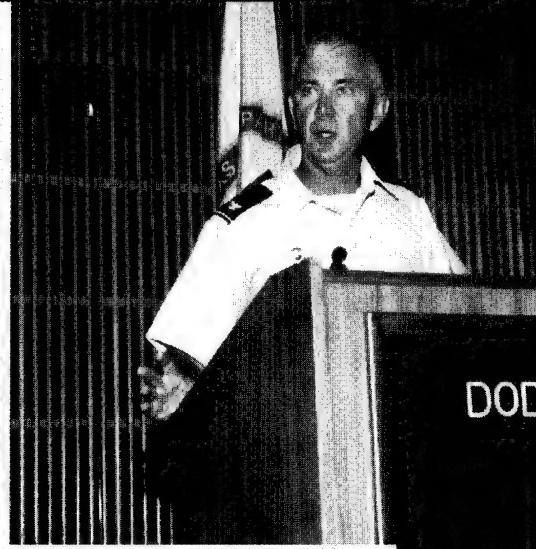
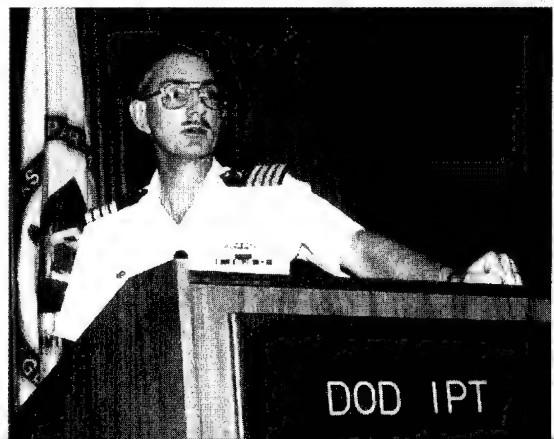
Above: Mr. Tony Valleret, OASD (C³I), spoke to the conferees on 'Overarching IPTs — Implementation/Initial Experiences'.



Left: Hon. Emmett Paige, Jr., ASD (C³I), spoke to the conferees on the Major Automated Information System Review Council Process.

ACQUISITION WORKFORCE AT IPT OFFSITE

Below: Capt. Dave Burgess, USN, PMO 450, spoke to the conferees on 'A Ship Acquisition Program Manager's Perspective: Life in a World of Integrated Product and Process Development and Integrated Product Teams.' His presentation centered on the New Attack Submarine (NSSN).



Left: Col. William B. Sheaves III, USA, Project Manager, Crusader, spoke to the conferees on Integrated Product Development of the Crusader.

Below: Brig. Gen. John Hawley, SAF/AQP, spoke to the conferees on 'An Air Force Perspective on Integrated Process Team Implementation'.



Left: Derek Vander Schaaf, Department of Defense Deputy Inspector General, and Hon. Gil Decker, Senior Acquisition Executive for the Army, share a light moment during the offsite.



Above: DSMC Commandant, Brig. Gen. Claude M. Bolton, Jr., USAF, welcomes Deputy Secretary of Defense, Hon. John P. White to the DSMC Fort Belvoir main campus.



Left: The Acquisition Community's "Big Three" played a major role in the Offsite. From left: Deputy Secretary of Defense, Hon. John P. White; Under Secretary of Defense for Acquisition and Technology, Hon. Paul G. Kaminski; and Principal Deputy Under Secretary of Defense for Acquisition and Technology, Hon. R. Noel Longuemare.

FSAMC — FUNDAMENTALS OF SYSTEMS ACQUISITION MANAGEMENT COURSE

Laying the Groundwork for a Permanent Acquisition Workforce

James J. Clark • Norman W. Frigault

Would you like to experience a new and different approach to DoD education—one that offers academic challenges while retaining a relaxed atmosphere of enjoyment and entertainment? If your answer is yes, discover the Defense Acquisition University's (DAU) introduction to the acquisition professional workforce—the **FUND**amentals of Systems Acquisition Management Course...

Background

The Fundamentals of Systems Acquisition Management Course (FSAMC), ACQ 101, is an eclectic

collection of subjects from the entire acquisition process. The 9-day course includes the following: systems acquisition management, requirements generation, team building, contracting management, financial management, acquisition logistics, software management, test and evaluation, science and technology, systems engineering, systems analysis and control, manufacturing, life-cycle phases, and acquisition strategy.

Completion of the FSAMC is a requirement for career Level I certification in 7 of the 11 DAU career fields. The career fields for which the FSAMC is mandatory follow:

- Acquisition Logistics
- Business, Cost Estimating and Financial Management
- Communications-Computer Systems
- Manufacturing, Production, and Quality Assurance
- Program Management
- Systems Planning, Research, Development and Engineering
- Test and Evaluation

Mr. Clark is a Fundamentals of Systems Acquisition Management instructor at the Army Logistics Management College, Fort Lee, Va. He completed the Command and General Staff Officer Course, the Associate Logistics Executive Development Course, and holds an M.S. in Administration from Central Michigan University.

Mr. Frigault is a Fundamentals of Systems Acquisition Management instructor, Fort Lee, Va. He completed the Command and General Staff Officer Course, the Industrial College of the Armed Forces, the Army War College, and holds an M.A. in Education from Pepperdine University.

This course is offered by the Defense Systems Management College (DSMC), the Army Logistics Management College (ALMC), and the Air Force Institute of Technology (AFIT).



Prior to August 1994, the FSAMC was a 5-day course called PMT 101 and taught by DSMC, ALMC, the Army Management Engineering College, and the Naval Warfare Assessment

Center. Since no regulatory requirement existed mandating completion, however, attendance was voluntary. Despite the lack of regulatory requirements, PMT 101 was a popular and valuable course. The present course came about as a result of a DoD initiative to institutionalize the acquisition process as well as its workforce. With the implementation of the Defense Acquisition Workforce Improvement Act (DAWIA) of 1991 and subsequent formation of the DAU, the FSAMC chartered a new focus.

Popping-In and Popping-Out of the System

Previously, the acquisition process suffered by having varied people as-

enced a revolving door-type stability for both the military and civilian workforce. Military personnel were randomly assigned to acquisition positions. Civilian personnel were assigned positions based on standard Office of Personnel Management criteria. The criteria were not necessarily based on objective acquisition experience or education, but rather upon subjective determinations.

Personnel often worked 2 or 3 years in the assignment and then moved on to other jobs. This type of approach to personnel management was referred to as "popping-in and popping-out" of the system. Individuals were assigned to acquisition projects for 2 or 3 years, making decisions that sometimes caused severe and unforeseen impacts in future years of the system's development.

Since programs sometimes take 15 to 20 years to develop, the impact would not be discovered for many years. In some cases a lack of experience, knowledge, and foresight resulted in decisions that adversely affected the developing system. These decisions were not cases of intentional malice or misgivings, rather, a lack of knowledge fostering poor decisions.

DAWIA — A Different Approach

Today we see a different approach to acquisition evolving — one that mandates and supports the infusion

of education into the whole acquisition process and the acquisition workforce. Constraints, downsizing, and budget cuts impact the system more than ever before. The old axiom, "if it doesn't work, we can fix it later," will not work today. The DoD cannot afford to go back and fix the problem. We must do it right the first time or not do it at all. Programs will not continue to receive congressional funding if they consistently run off course.

A permanent acquisition workforce is taking shape, laying the groundwork for an improved acquisition process. Civilians and military pursue several levels of training and education requirements associated with specific positions of responsibility. For example, the FSAMC is the foundation for the Intermediate Systems Acquisition Course (PMT 201), a requirement for program managers, program executive officers, and many acquisition staff positions. The DAWIA endeavors can only result in better products for the users — the soldiers, sailors, airmen, and marines.

A Humble But Necessary Beginning

With the diverse workforce the FSAMC draws a wide variety of students from multiple backgrounds blending experience with knowledge. Group exercises and student comments supplement and reinforce lectures. The case studies illustrate real-life challenging acquisition scenarios to foster thought-provoking comments. Finally, humor is injected wherever possible to make the course enjoyable.

Fighting and survival on tomorrow's battlefield requires careful intervention, many years of training, and prior planning. An educated and dedicated workforce is needed to generate the right piece of equipment from the right manufacturer for the right price. The humble beginning on the long road of acquisition begins with the Fundamentals of Systems Acquisition Management Course.



Students of DSMC's Fundamentals of Systems Acquisition Management Course receive instruction at the Fort Belvoir main campus. The DSMC FSAMC course director is Professor Andrea Garcia.

signed to critical acquisition positions on an interim basis. The DoD experi-

to acquisition evolving — one that mandates and supports the infusion

GROWING THE ARMY'S FAAD WEAPON SYSTEMS INTO Maturity

An Applied Success Story...or Was It?

Julian Cothran

A true success story — a surface-to-air missile system setting new standards for acquisition • An Army program demonstrating greatly shortened concept-to-delivery — one where all contract deliveries are on-time and within-budget • A weapon system overwhelmingly popular with the soldiers and combat-proven in Desert Storm operations...

This is a story about a system maturing to meet soldiers' needs, the processes involved in that growth trek, and constraints encumbered on those processes. It is a story about the processes initiated to grow the weapon system into maturity; and the management philosophy, tools, and techniques applied, e.g., Total Quality Management (TQM), to those processes; and about the initiatives of the individuals who had vision and stood fast in their commitment to long-term planning. These efforts, teams, and initiatives formed the force that sustained the momentum of the program, without which the program would have faltered and died an early death. Before we venture behind the scenes,

Mr. Cothran was the Chief Engineer, Forward Area Air Defense Project Office, U.S. Army Missile Command, Redstone Arsenal, Ala., from 1986 through March 1995. He is a graduate of PMC 94-1, DSMC.

FIGURE 1. Forward Area Air Defense (FAAD System)

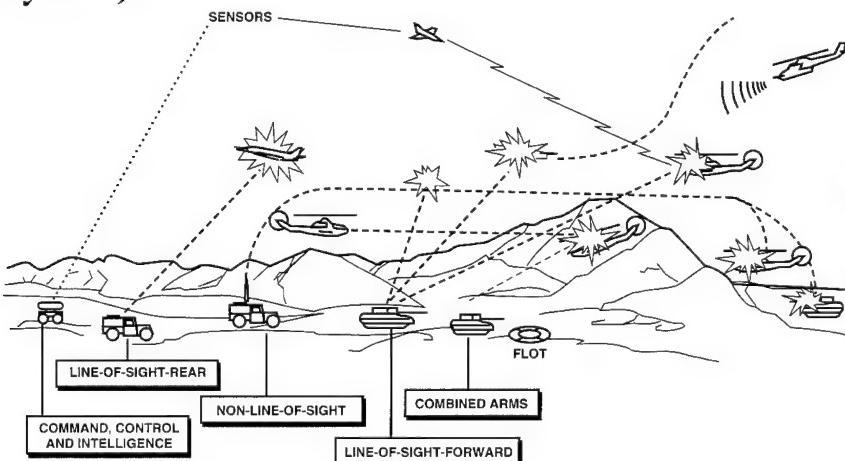
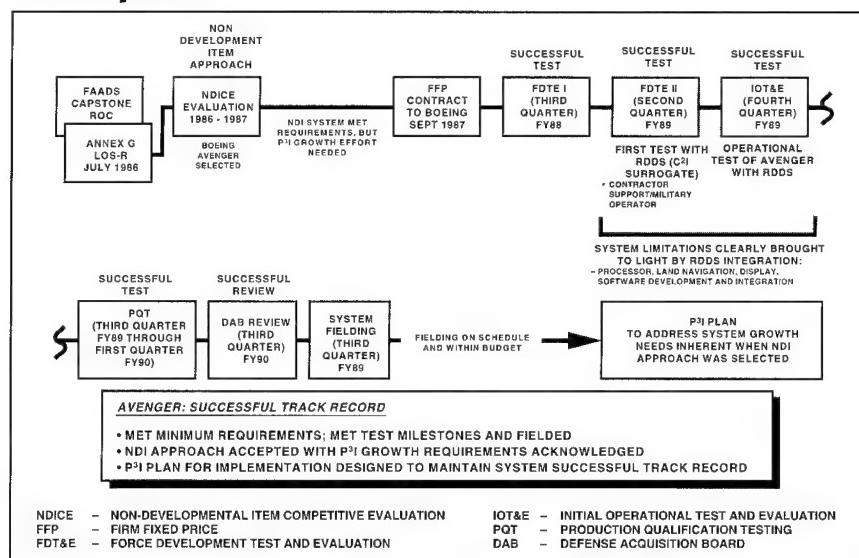


FIGURE 2. AVENGER History/Time-Phased Development



**This is a story
about a system
maturing to meet
soldiers' needs,
the processes
involved in that
growth trek,
and constraints
encumbered on
those processes.**

Soldier holding a Stinger scans the horizon.

let's identify the time and environment where our story starts in order to comprehend the messages projected.

The Setting

The Army's Forward Area Air Defense (FAAD) concept surfaced in 1985 and gained much momentum by the spring of 1986 as it arose from the ashes of the canceled Sergeant York Gun System (25 August 1985). In the mid-1980s, the Army's critical operational Air Defense deficiencies were:

(1) increasing threat weapon ranges and lethality beyond the capabilities of deployed defensive systems; (2) Air Defense system capabilities inadequate to support the new AirLand Battle concepts; (3) vulnerability of critical support and command installations vital to battlefield sustainment; and (4) effectiveness shortfalls of the STINGER MANPADS (Man Portable Air Defense System) due to human factors

limiting the weapon system's full potential.

Four elements comprise the FAAD systems (Figure 1) as they combine with the forward components to form a combined arms team.

- The AVENGER, the line-of-sight rear system that rapidly locks on and fires eight STINGER missiles.
- The air defense tank system, line-of-sight, forward-heavy, designed to protect front-line ground forces from enemy air attack.
- The fiber-optic guided missile, non-line-of-sight, successfully blending the Army's best target recognition system — the soldier — with an advanced anti-helicopter and anti-armor missile.
- The FAAD command, control, communications and intelligence (C³I) for battle management, sensors, air defense coordination, and exchange of command data.

The C³I system collects (via a combination of active and passive sensors on the weapon fire units and remote sensors), processes, and disseminates intelligence and targeting information to

the various FAAD weapon systems and other members of the combined arms team. Generally, the Army refers to the FAAD C³I as the 'glue' that binds the components of the FAAD system of systems together. The combined arms team was also considered for enhanced engagements of air threats.

The FAAD system of systems only worked if all the systems functioned together. With time as an enemy, after the demise of Sergeant York and the 'Big Bear' as a looming threat, off-the-shelf equipment and technology posed a viable solution and appeared available, in many cases, to meet the FAAD system component requirements. To acquire FAAD at the lowest cost, the Army adopted a non-developmental acquisition (NDI) strategy. The line-of-sight-rear (LOS-R) component of the FAAD system is the AVENGER—one of the NDI solutions. The following paragraphs focus on AVENGER—The System, and its NDI acquisition.

AVENGER — The System

The AVENGER (LOS-R or Pedestal Mounted STINGER) is designed as a STINGER-based missile system with eight ready-to-fire missiles, and a .50-caliber machine-gun system mounted on a Highly Mobile Multipurpose Wheeled Vehicle chassis. Combining the lethality of the STINGER, proven in battle, with a fire-on-the-move mobile platform and computer control, the AVENGER created new capabilities for the STINGER missile that resulted in a balance of firepower, mobility, and protection.

The NDI competitive evaluation pitted three contractors in a shoot-off in the fourth quarter, 1986 through June 1987. Awarded in the fourth quarter, 1987, the AVENGER (LOS-R) weapon system won the initial production contract. Subsequently, the first units for testing came off the assembly line in the fourth quarter, 1988. A true acquisition success story, the

program took 3 years from the decision to create the AVENGER (LOS-R) weapon system, to its actual fielding—the first shoot-on-the-move missile air defense system. Figure 2 depicts the history of the AVENGER's time-phased approach.

The AVENGER system (as shown in Figure 3) performed to design and met the User's initial threshold requirements for the NDI AVENGER system fielding. Additional on-board sensors and the AVENGER and FAAD C³I system integration were to further increase system effectiveness, maximize lethal keep-out range, and minimize fratricide. The non-recurring engineering for these integrations was accomplished through a Pre-planned Product Improvement (P³I) program. The TQM implementations of the systems and processes to grow the AVENGER into the User's desired weapon, e.g., objective requirements, are the focus of this success story.

FIGURE 3. AVENGER

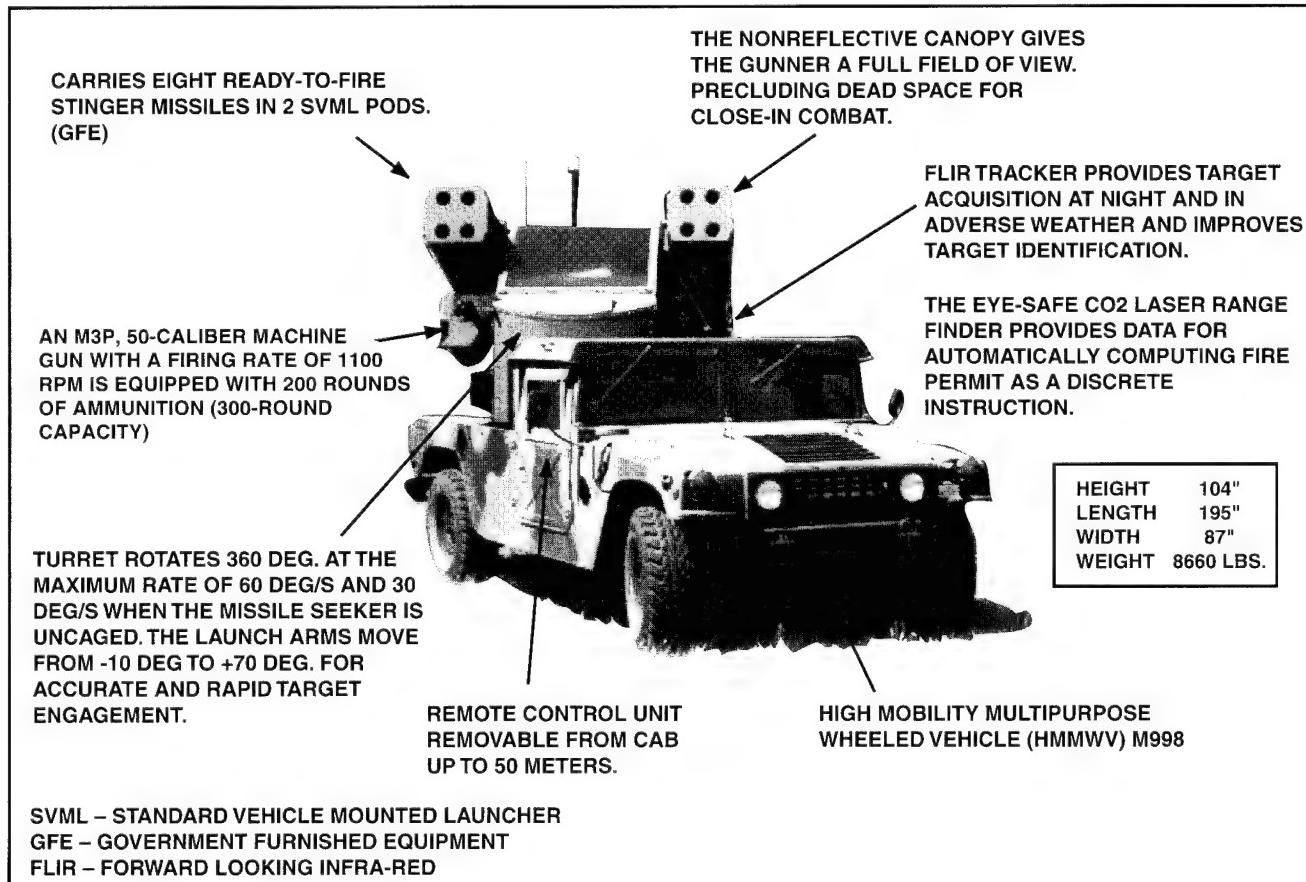
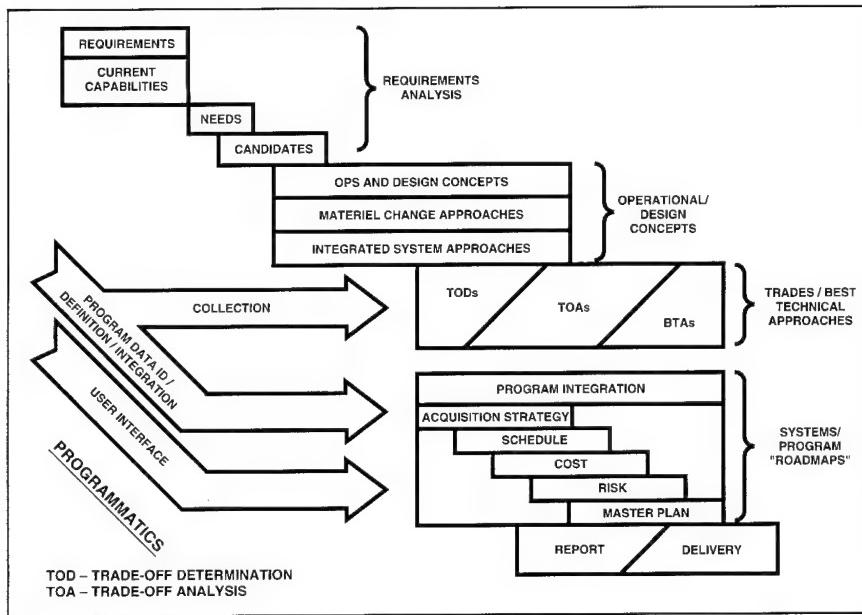


FIGURE 4. Technical/Programmatic Interface — AVENGER Growth Vision



The Process

The FAAD's (User requirements) Capstone Requirements Operational Capability (ROC) document defines requirements that characterize the AVENGER weapon system. Other interrelated requirements in the Capstone ROC describe top-level interfaces the AVENGER fire unit must have with subsystems of the FAADC²I components and the non-cooperative target-recognition devices. Requirements also exist for an AVENGER Integrated Weapon Systems Display (IWS) and an upgraded Remote Control Unit.

The Capstone ROC's P³I clearly shows the NDI AVENGER required system growth to meet all LOS-R requirements and combat future threats. Included in the LOS-R ROC Annexes were key growth requirements such as 360-degree passive detection system, environmental control, FAAD C²I interoperability, and others. The need for a comprehensive AVENGER P³I plan emerged as a result of the Range Data Distribution System test efforts at Fort Hunter Liggett, Ga. The full P³I impacts on NDI AVENGER were apparent: (1) the AVENGER Control Electronics, e.g., fire control and cen-

tral processing unit, needed to be upgraded; (2) north referencing equipment was required; (3) the IWS development was required; and (4) other cost-effective modular upgrades were needed.

Management focused on: (1) satisfying the User's [customer's] requirements; (2) sustaining a quality product; (3) ensuring continuous product improvement (modularity in phased development) and processes necessary to produce, thus improving all aspects of performance, both weapon system product and acquisition process, to achieve long-term cost reductions; and (4) User, Developer, and Contractor teaming.

With this focus, the Objective Systems Working Group (OSWG), a combined industry and government (User and Developer) team was chartered to: identify unfulfilled User requirements, develop materiel solutions to requirements, and integrate the materiel solutions into a 'wholistic' approach evolving the system to meet objective requirements. The tools and techniques applied, both during the working group phase and the implementing phase of the P³I Plan, are

recognized today as the essence and pillars of TQM.

The TQM Approach

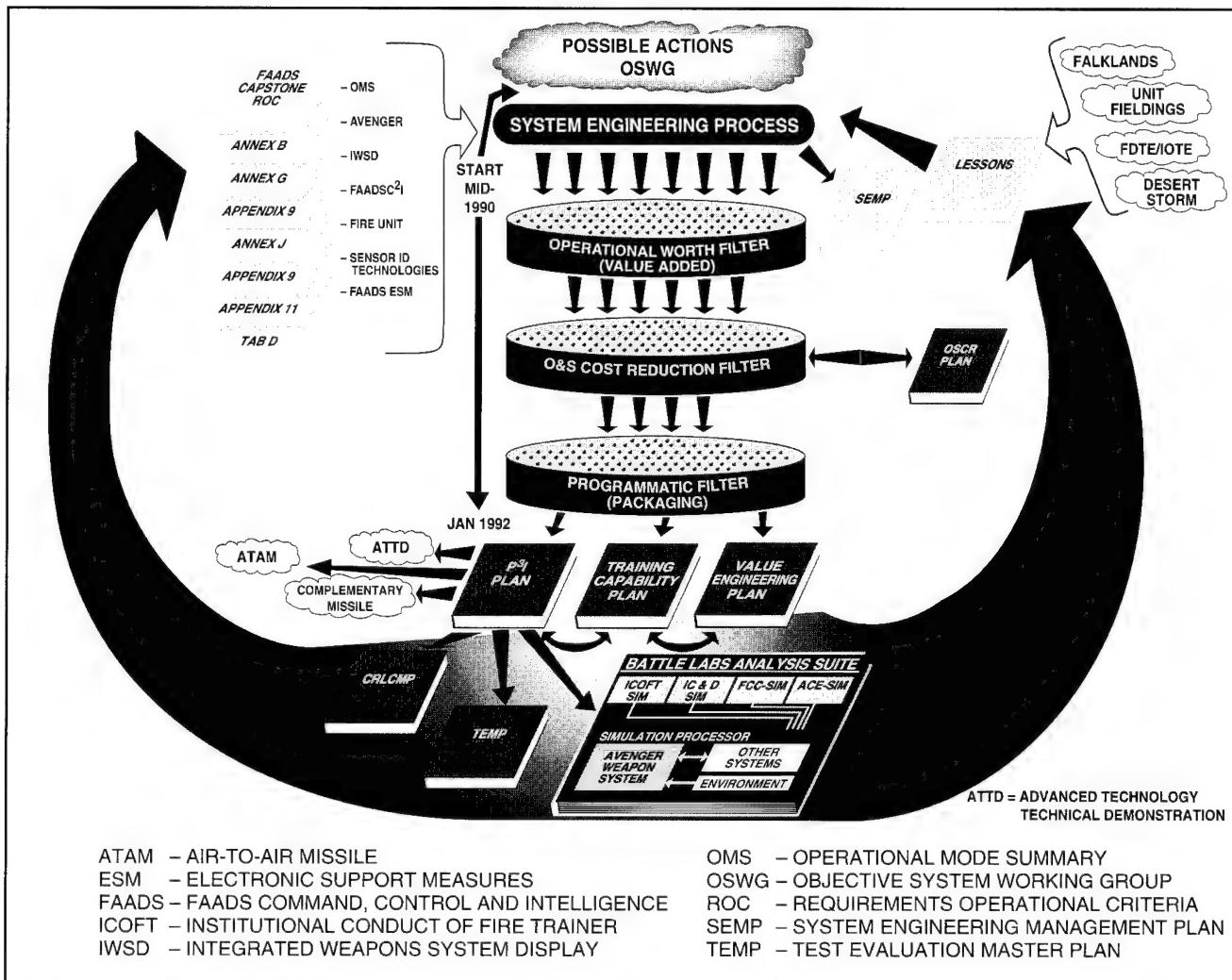
Recognizing that the interaction of the people involved, in consonance with applied technical expertise, would determine the success or failure of the effort and the resultant P³I Plan, Army planners mapped out the interaction, and iterated the entire process as an open system. Figure 4 shows the analyses process flow with interfaces and assessments.

The management focus is customer satisfaction (the 'cornerstone' of TQM); the customer (User/Developer) is the one from whence came the requirements; while the FAAD Capstone ROC is where both needs requirements and desires or wants (growth to an objective system) are defined.

A partnership was formed with the customers, and their representatives played an active part on the senior advisory committee of the OSWG, ensuring focus to achieve customer satisfaction. Later a customer-supplier agreement, formalized via top-level management signature, formed a contract and teaming relationship. This relationship emerged during the implementation phase of the P³I program, after development of the P³I plan by the OSWG. The customer-supplier agreement is the System Improvement Plan (SIP). Accordingly, the SIP defines individual materiel changes, weapon system block modifications, and identifies budget lines.

The Program Management Office (PMO) FAAD, and the Missile Command Research Development and Engineering Center continually followed up on the P³I Plan to ensure customer satisfaction. As crafted for the future, the P³I plan met several goals. First, the products (AVENGER materiel changes) emerging from the process offered operational 'value added'. Next, the materiel changes were affordable. Also, the P³I showed 'value added' within the materiel ac-

FIGURE 5. The System Engineering Process



quisition process for lowest-level acquisition approval and implementation, which increased the PMO's control over the program to support the life cycle. Finally, the program built an effective government program team that engendered enthusiasm in its members through job empowerment. This program is reflected in the System Engineering Process (Figure 5).

The product development team's leadership created a vision that went beyond hanging additional sensors on the AVENGER and increasing its computing capacity and through-put. They envisioned their purpose as ensuring an interoperability on the battlefield via digitization; and emphasizing the fire unit and the soldier puller, thus maximizing results where it counts —

on the battlefield. These results are inherent in the product the team developed — the P³I AVENGER.

The TQM principles employed to produce the product combined management techniques, improvement efforts, and specialized technical skills within a process structure focused on continuous improvement to produce the pay-offs experienced. These pay-offs suggest that the approach used may offer substantial rewards to other PMOs in the form of rekindled expertise, synchronized efforts, and establishing pride in their in-house teams.

The Changing World Environment

The rapidly changing world environment and the corresponding U.S.

response in defense posture demanded a complete reassessment of the Army Air Defense's Battlefield Functional Mission Area in doctrine, tactics, and weapons. This environment has changed more in the last 3 years than the preceding 40 plus years.

Figure 6 depicts an environment where excitement of new start development is changed to NDI and materiel change as the mode for weapon system acquisition...an environment overshadowed by complexity in weapon systems; cost and schedule overruns; performance shortfalls in fielded systems; software-driven weapon system design, trainer and maintenance design; and finally, by procurement roadblocks.

The world environment is challenging if not demanding that the traditional acquisition management and system engineering process change and identify a better, shorter, and more cost-effective means of accomplishing its purposes and implementing its processes. An environment not providing definitive instructions or guidance...an environment demanding more productivity, versatile output, and less resources than were available over the past 40 years...an environment in a state of shifting and creating new paradigms (e.g., TQM, Battle Labs, funding, acquisition reform) as it changes.

Epilogue

Albeit the AVENGER program and P³I efforts are canceled, the P³I AVENGER's capability is the 'seed kernel' from which Air Defense is able to digitize the forward battlefield from sensor-to-shooter. In this way, low-altitude-air-defense makes a decisive contribution to AirLand Operations employment.

Reflecting upon the overview and looking from a micro perspective at the product development team, the PMO, the user of the product (the P³I AVENGER), and the TQM concept,

the P³I effort is a success. From a macro view, considering the Air Defense customer, the Army, and the changing world situation, the P³I effort failed due to cancellation.

Managers concentrating on 'now' see the AVENGER P³I as a draw-down casualty; whereas, managers who aspire to leadership and visualize with a deeper, more projected view of the process and environment around them, see the P³I effort as applied TQM. Who is right, and who is wrong? Was the AVENGER program and its P³I effort a success or failure? Consider this — while the program is canceled, the TQM techniques worked. Time alone will reveal the answer after the hourglass has sifted its sand. Right now it rests in the eyes of the beholders, where they sit, and how they view their environment. While we await an answer, the true success or tragedy may be how management views this creative team that made it all happen — 'the paradigm pioneers' — and how they and their concepts are used in the future,

'WORLD-CLASS' CUSTOMER?

Michael Linkletter

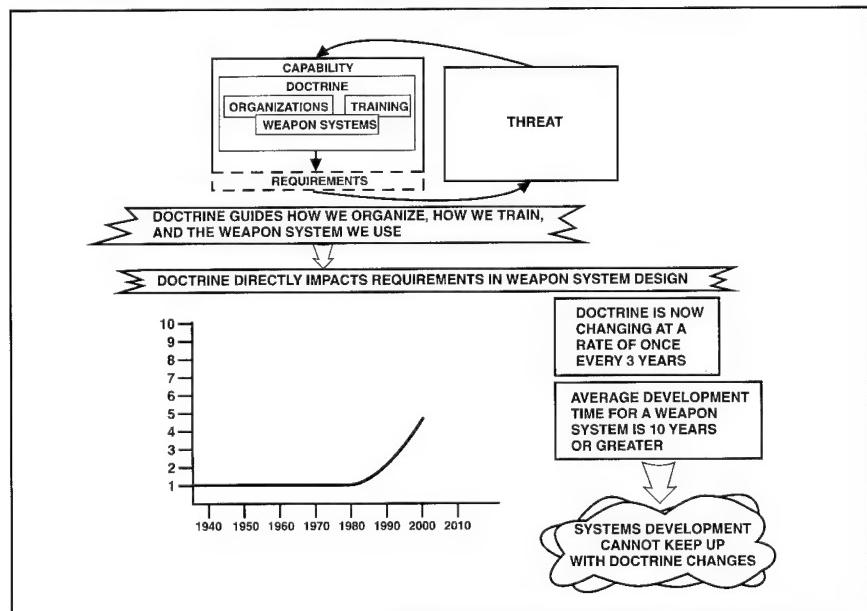
I attended DSMC's Advanced Production and Quality Management Course (APQMC) approximately 1 year ago. There was one concept that stuck with me and will remain with me throughout my career. They taught the concept of the 'world-class' customer. Essentially, people have been focusing on world-class suppliers and manufacturers without any regard to the customer. How can the government expect someone to be world class if we are not world-class customers? The problem with the government as a customer is the excessive burdens we place on contractors to do business our way, not necessarily the best way. I came away from the class as an engineer who is now more open to alternatives to the government way proposed by contractors.

One of the unique characteristics of the class was the participation of industry as students in the class. In one case a student from Boeing [Seattle] demonstrated the problem I noted above. Boeing does about 80 percent of their work commercially. They have approximately 800 people in the financial department for commercial activities versus approximately 3,000 people in the financial department to handle government contracts. What does this tell us about the burden of doing business with the government? In my view it speaks volumes...

Editor's Note:

Mr. Linkletter is a GS-13 Electronics Engineer, Communications and Electronics Command [Army], Fort Monmouth, N.J.

FIGURE 6. Doctrine (Rate of Change)



TRANSFER OF H-53 DEPOT HELICOPTER MAINTENANCE

Pensacola and Cherry Point NADEPs Identify ILS Elements As Critical Links in Successful Transitioning

Maj. (P) Gerard J. Cotter, USA • Lt. Col. Thomas J. Meyers, USMC • Lt. Col. Carl D. Owens, USA

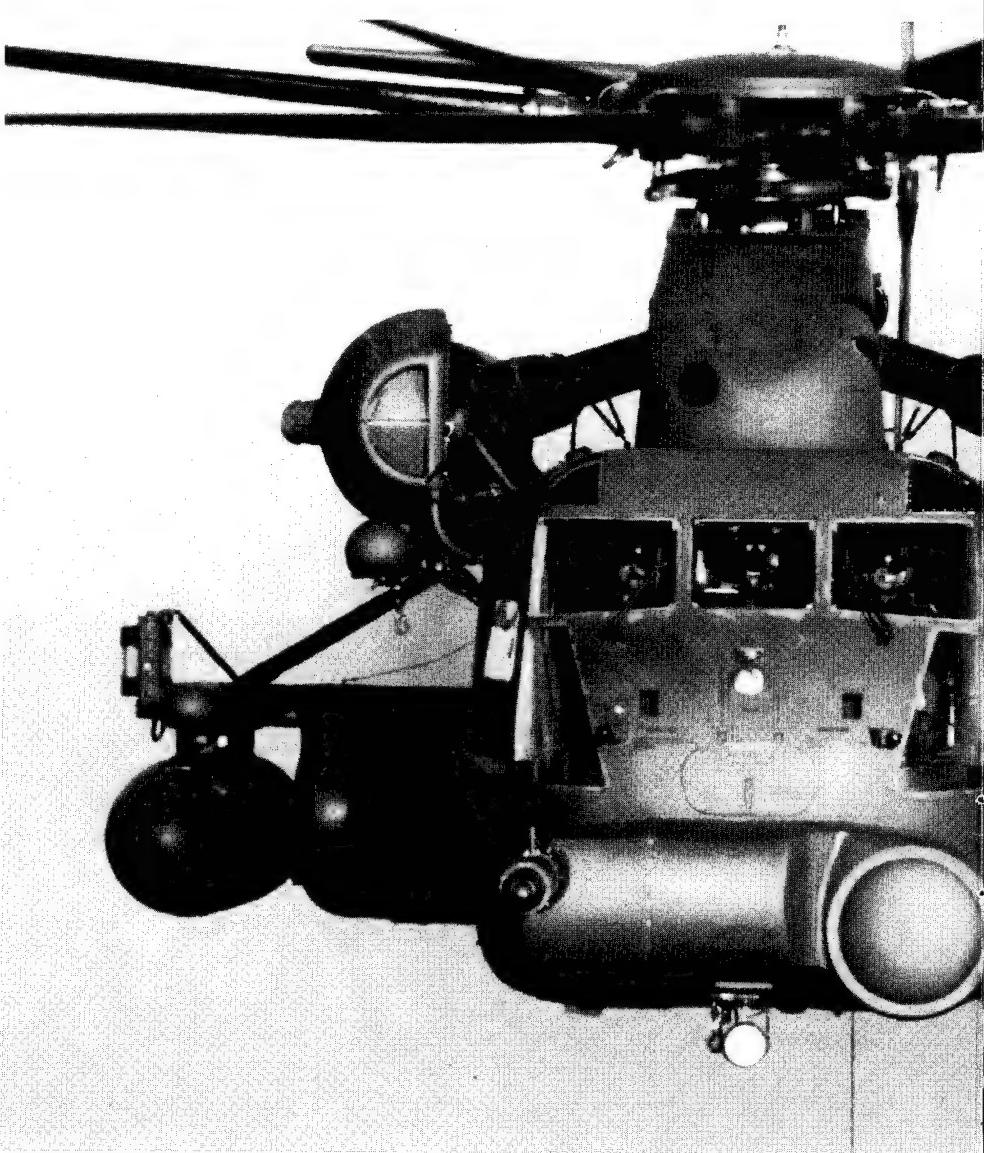
The 1993 Base Realignment and Closure (BRAC 93) Commission proceedings generated a plan to close three of the Department of Defense's six Naval Aviation Depots (NADEP). Among those targeted for closure was NADEP Pensacola, Fla., historically tasked with the depot-level maintenance, sustaining engineering, and logistics support required for all five H-53 helicopter variants employed by the U.S. Navy, U.S. Marine Corps, and U.S. Air Force.

Included in the plan was the assumption by NADEP Cherry Point, N.C., of the H-53 responsibilities previously exercised by the Pensacola depot. Transition managers recognized that BRAC 93 decisions could best be implemented with a plan emphasizing the 10 elements of Inte-

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Lt. Col. Carl D. Owens, USA, is the Commander, Defense Contract Management Area Office, Tel Aviv, Israel. He is a graduate of PMC 95-1.



A front close-up view of an MH-53J helicopter of the 21st Special Operations Squadron, equipped with the Pave Low infrared system for night operations, in flight near the English coast.

grated Logistics Support (ILS) cited in Department of Defense Instruction (DoDI) 5000.2, Part 7A: maintenance planning; manpower and personnel; supply support; support equipment; technical data; training and training support; computer resources support; facilities; packaging, handling, storage, and transportation; and design interface. This article will describe how three of these elements were used to identify and resolve critical transition management concerns.

Background

Managers tasked with orchestrating the H-53 workload transition from

NADEP Pensacola to NADEP Cherry Point used a guiding theme of 'invisibility to the fleet'. Their objective was to move depot responsibilities without impairing H-53 user operations. To attain the 'invisibility' goal, transition managers used precise documentation to maintain the desired focus on the 10 ILS elements.

All major transition planning documentation published since 1993 has evidenced the '10 ILS elements' focus by employing section titles either precisely in consonance with the DoDI 5000.2, Part 7A (as in the case of 'support equipment', 'facilities', or 'technical data'); or nearly so ('training' vice 'training and training support', 'personnel' vice 'manpower and personnel', and 'material support' vice 'supply support'). Throughout the planning stage, transition paperwork routinely addressed the balance of the elements, though under document headings less similar to current DoDI nomenclature. The scope of this article will be restricted by addressing only those logistics concerns related to ILS elements titled (in transition documentation) in strict accordance with DoDI 5000.2: support equipment, facilities, and technical data.

Support Equipment

From the outset, managers structured the transition of H-53 workload as a time-phased sequence. Both depots continued to conduct complementary measures of work for a prescribed length of time, with NADEP Pensacola's planned workload decline matched by a corresponding increase in workload at NADEP Cherry Point. However, the availability of necessary H-53 maintenance support equipment (SE) placed a constraint on dual-sited operations. Inductions of H-53 helicopters at Cherry Point had to be carefully timed to ensure that SE items held primarily at Pensacola were available, when needed, at Cherry Point. Exacerbating the SE shortage were even rarer resources of peculiar SE associated with only a limited number

of the five H-53 variants maintained within the DoD.

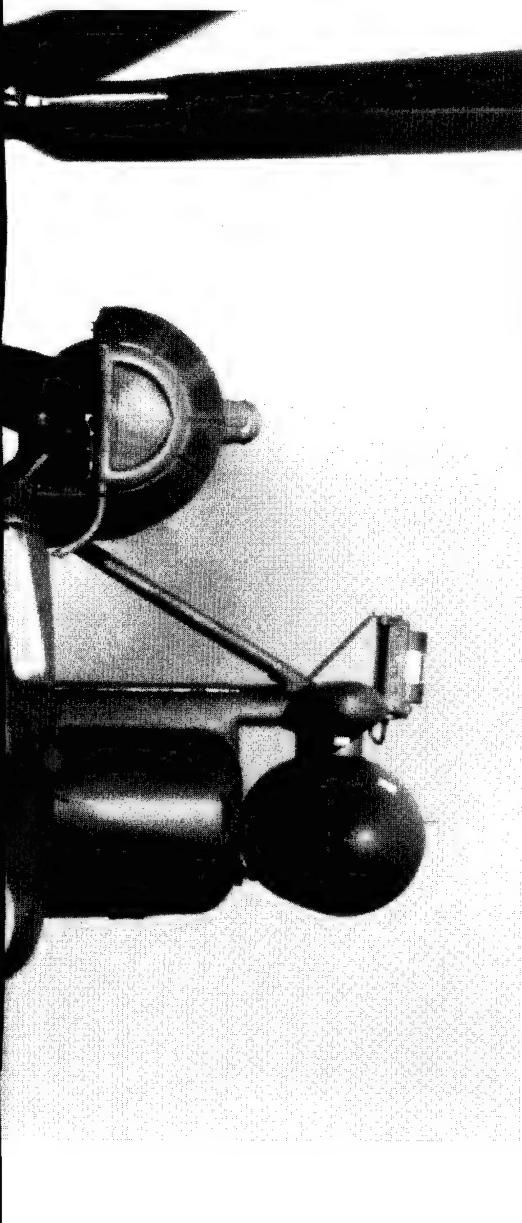
The simplest problem encountered in the area of support equipment involved items common not only to the H-53 fleet, but also to other aircraft already supported at Cherry Point. Though perhaps only a small number of such assets were on-hand (leading to obvious local-availability constraints), this circumstance was fairly tolerable. Generally, however, H-53-unique equipment problems required a more complex solution process.

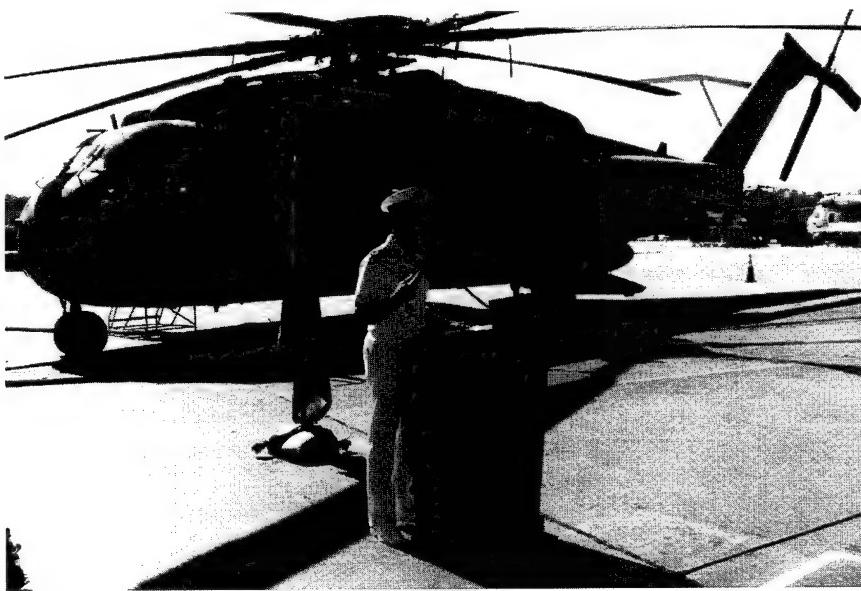
When dual-sited work requirements precluded a permanent transfer of support equipment from Pensacola, Cherry Point managers investigated an additional set of options: other closing naval aviation facilities could be queried regarding availability of the needed item; a demand could be directed through standard naval supply system channels; a temporary loan could be arranged with fleet units; or a temporary loan could be arranged with NADEP Pensacola. These additional options routinely proved fruitful, satisfying SE needs involving general manufacturing, the rework of helicopter gearboxes and hydraulic components, and other critical processes. Ultimately, managers realized that until the transition of H-53 workload from NADEP Pensacola to NADEP Cherry Point was fully completed, the problems of sharing scarce support equipment would require continued attention.

Facilities

Like support equipment, facilities also demanded a great deal of management attention, and a successful transition could not have occurred without an early and rigorous application of facilities planning criteria. The H-53 is a large aircraft incorporating heavy and unwieldy components such as engines, rotor blades, and a massive main transmission. The NADEP Pensacola always dedicated a great deal of interior hangar and exterior parking space to H-53 maintenance

Photo by Staff Sgt. Dave Nolan, U.S. Air Force





Vice Adm. William C. Bowes, then Commander of the Naval Air Systems Command, gives the keynote address to NADEP Cherry Point employees during the September 1994 Rollout Ceremony for the first H-53 helicopter to undergo depot-level maintenance at Cherry Point.

needs. Obviously, a similar amount of space was needed within NADEP Cherry Point confines—already fairly saturated with previously assigned work. The identification and assignment of an optimal facilities allocation (addressing hangar spaces, exterior spaces, and capabilities associated with those spaces such as overhead cranes, painting capabilities, or the suitability for engine runups, rotor engagements, and low-altitude flight testing) were accomplished only after detailed consideration of many factors.

Planning necessarily centered around the number of H-53 helicopters projected to be undergoing maintenance at Cherry Point at any particular time. From this estimate (between 12 and 15) a healthy number of facilities requirements was determined: the precise hangars to house the airframes undergoing standard depot-level maintenance (SDLM), the most significant of all planned maintenance activities; the storage areas to house components removed from an aircraft during either an SDLM or other maintenance process such as a limited modification; alterations to an existing automated bit part supply storage and retrieval facility; and alterations to numerous test facilities not config-

ured for component testing requirements unique to the H-53 (such as a rotor blade whirl tower previously configured to test blades far less massive and aerodynamic than those used on the western world's largest helicopter).

Not as closely linked to aircraft throughput were additional facilities considerations such as new construction. The existing Cherry Point spaces were simply not big enough to house the influx of additional people and equipment necessary for complete H-53 program support. New engineering, administrative, and storage buildings were therefore authorized. The judicious employment of existing spaces and eventual availability of new spaces were expected to fully satisfy facilities requirements brought about by the H-53 transition.

Technical Data

Finally, the depot transition highlighted technical data issues. In fact, transition documentation portrayed the planners' belief that "this ILS element [was] the most critical link in the establishment of capability at Cherry Point...[for] without proper identification of technical data requirements, organic capability [would not] be achieved." Intense consideration was

given to issues of technical data made particularly complex by the many differences in maintenance requirements, maintenance procedures, and platform components brought about by the existence of five aircraft variants operated by three different military Services.

Given the de facto *supporting* nature of technical data, its transfer from the closing Pensacola depot followed a pattern similar to that of support equipment. Data were transferred only when planners from Pensacola and Cherry Point were confident its transfer would not disrupt critical mission support at either depot. In cases where managers viewed remaining Pensacola requirements as impeding immediate and permanent transfer, they explored other solutions. On occasion, transition managers effected temporary loans of data between the two sites. At other times, they obtained needed documentation from some third source such as the Naval Technical Services Facility or the prime contractor (Sikorsky Aircraft Division of United Technologies Corporation). The identification, tracking, and resolution of all technical data transfer problems were possible only because initial planning included very specific identification of data needs.

Summary

The repositioning of H-53 depot workload from Pensacola, Fla., to Cherry Point, N.C., provided a real test of the efficacy of the 10 ILS elements. The transition has been less than perfect and fraught with many incredibly complex problems.

No one will ever know the number of additional problems precluded by deliberate application of established logistics principles. Surely there were some, and given the associated and possibly sinister repercussions for fleet operators, any number of pitfalls avoided wholly justified a systematic application of the 10 elements of Integrated Logistics Support.

**STATEMENT REQUIRED
BY THE ACT OF AUGUST 12, 1970,
SECTION 3685, TITLE 39,
UNITED STATES CODE, SHOWING
OWNERSHIP, MANAGEMENT,
CIRCULATION**

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PROGRAM MANAGER INTERVIEWS JOSHUA GOTBAUM ASSISTANT SECRETARY OF DEFENSE FOR ECONOMIC SECURITY

*Which Defense Firms Will Survive — Meet the
Man Who Helps the Pentagon Decide*

A large white banner is the first thing you notice upon entering the reception area of Joshua Gotbaum's third-floor Pentagon office. In foot-high red letters, it reads "Please Mr. Gotbaum, Save Natick [Mass.] Labs" (referring to the Base Realignment and Closure [BRAC] recommendation to close Natick). Secretary Gotbaum, a former Wall Street investment banker, achieved the status of Washington insider in 1 short year. He is respected both by the Pentagon brass and defense industry officials. He influences key decisions ranging from BRAC to which defense industries will survive.

Secretary Gotbaum is the right man for the job at the right time. A 44-year-old lawyer, Secretary Gotbaum is at home in the world of mergers, acquisitions, and restructurings. He heads the new 260-person Pentagon Office of Economic Security and has won the confidence of many defense industry and military officials for helping educate the Pentagon brass on their decisions which impact the nation's



Assistant Secretary of Defense for Economic Security Joshua Gotbaum (above), fields questions from Program Manager's representative, Mr. Gibson LeBoeuf, Navy Chair, DSMC Executive Institute (next page).

troubled defense industry. And so far, both sides appear pleased with his efforts on their behalf.

Program Manager's representative, Mr. Gibson LeBoeuf, recently spent an hour interviewing Secretary Gotbaum — a thought-provoking in-

terview that revealed a man who cuts quickly to the issues and gets his facts straight. Nor did he skirt the tough issues posed during this interview. We left the interview with the impression that Joshua Gotbaum, though low key and soft-spoken, is a man determined to follow the mandates of

Mr. Gibson LeBoeuf, Navy Chair, DSMC Executive Institute, conducted the interview with Secretary Gotbaum on behalf of the DSMC Press.

his position in a manner that is best for the nation, best for government, and ultimately, best for the nation's defense industrial base. Given the budgetary and regulatory constraints under which he must make those decisions, his is a heavy burden indeed. One he is shouldering remarkably well. *Program Manager* is pleased to present Secretary Gotbaum's remarks in their entirety.

Program Manager: As Under Secretary of Defense for Economic Security, would you please describe your job for our readers, and let everyone get an appreciation for the role your office plays in maintaining the nation's defense posture?



Photos by Greg Cauth

Mr. Gotbaum: The job was created on the notion that it would be useful for the Department of Defense to have a commercial perspective as it restructures. As the defense industry itself restructures, companies that have been our suppliers for years are combining; they are restructuring, combining plants, laying off employees, etc., so there is an industry re-

structuring. Similarly, as the defense budget declines, the Department of Defense is itself restructuring.

Admiral Owens, the Vice Chairman of the Joint Chiefs of Staff, is fond of noting that we are going through four revolutions simultaneously. One is that our budget is dramatically lower than what it was 10 years ago, and in many accounts, it will continue to decline. Regarding the procurement accounts, although we hope that we have seen the bottoming out of the procurement accounts, it is by no means certain that we have. And it is certain that although our budget authority has hit bottom, our actual outlays for procurement will decline for

Mr. Gotbaum: Acquisition reform is one example. My office assists Colleen Preston [Deputy Under Secretary of Defense for Acquisition Reform] and Paul Kaminski [Under Secretary of Defense for Acquisition and Technology] in parts of acquisition reform by working through the specifications and standards reform effort. But there are lots of other areas in which the way we do business clearly needs to be rethought in light of changed resources and changed circumstances.

For example, infrastructure. We have policy oversight over the BRAC process in addition to policy oversight over the reuse of bases. Our office also has responsibility for assisting international cooperation efforts to develop weapons on a cooperative basis with other governments. And that has led in some instances to involvement in general international economic sorts of concerns; what should export control policy be (although that's not formally in my mandate at all). So the way I think about the job is, we know in a great many ways the Department of Defense needs to change the way it does business. In economic security, we try to provide a commercial perspective as to how that can be done.

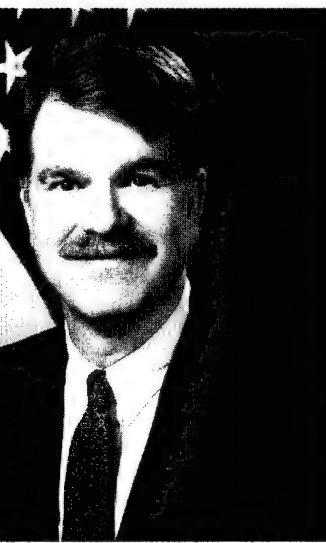
The second mission is that it is our job to be sensitive to the defense industry — to the economic and business concerns that affect the Department of Defense. So one job is to help the Department do its business better; another is to understand the concerns of business: financial, commercial, procedural, etc. So that's why we are working through issues like specifications and standards reform. That is why we work with a series of industry advisory committees where we can to establish more open communications about the concerns that business is having with the Department of Defense.

another year or two. And as a result, the defense industry, necessarily, must respond—but also the Department of Defense has to respond. Which means we need to change the way we do business.

Program Manager: By "changing the way we do business," is acquisition reform a part of that effort?

Program Manager: Is your office going more toward performance goals rather than the specifications

Hon. Joshua Gotbaum is the first Assistant Secretary of Defense for Economic Security. The position was created to help the Department of Defense manage commercial and economic concerns in its programs and policies.



Secretary Gotbaum is the primary advisor to the Secretary, Deputy Secretary, and the Under Secretary of Defense for Acquisition and Technology for matters pertaining to the defense industry, dual-use technology, and international cooperative programs. He also directs the Department's efforts concerning infrastructure, including housing, base closure, property disposal and reuse, and economic adjustment.

In these capacities he is responsible for: Developing policies and programs to determine and preserve critical industrial capabilities; responding to defense industry concerns; responding to industry restructuring, mergers and acquisitions; encouraging greater reliance upon commercial and dual-use products and processes; managing the Department's infrastructure budget and policies, including military construction and base closure; assisting international cooperative development efforts between governments

and industry; encouraging reinvestment and reuse of defense facilities for commercial and economic development.

His office also reviews and analyzes programs that balance national security and economic objectives, including export control policies and programs, trade initiatives, and related matters. Economic Security serves as DoD's liaison to the National Economic Council, the Treasury, the Department of Commerce, and other economic agencies.

Prior to his confirmation in May 1994, Gotbaum was general partner with the New York investment bank, Lazard Freres & Co. His work in the firm included financial advice and assistance to corporations, trade unions, and governments on corporate finance, mergers, acquisitions, divestitures, bankruptcies, and restructurings. He became a general partner in 1990. From 1990 through 1992, Gotbaum was resident in London as a managing director of Lazard Freres & Co., Ltd.

Before joining Lazard Freres, Gotbaum served in 1981 as legislative assistant to U.S. Senator Gary Hart for economic and budget matters. During the Carter Administration, he was Associate Director of the White House Domestic Policy Staff for economic issues. In 1978 and 1979, Gotbaum served as Executive Assistant to Alfred Kahn, President Carter's advisor on inflation. In 1977, he worked in the White House Office of Energy, Policy and Planning. When the Department of Energy was established, he joined the Office of the Assistant Secretary of Energy for Policy.

Gotbaum is a graduate of the Kennedy School of Government and Harvard Law School. He received his undergraduate degree from Stanford University.

Originally raised in Evanston, Ill., Gotbaum now resides in Washington, D.C. He is married to Joyce Thornhill, a vice president at J.P. Morgan & Co. They have three children.

and standards that were used in the past?

Mr. Gotbaum: Yes, and we're also moving toward understanding when departmental policy affects the health of the industry that supplies us. There is one thing we do know that has not changed. And that is that we need the best technology in order to maintain the preeminent fighting force in the world. We need that technology at a more affordable price than we've ever had before. But that means that we are going to have to rely on private industry to provide it, as we have in the past.

Another change is the dual-use revolution, which is that many of those technologies upon which we rely are now done more actively, more aggressively, in a wider range of applications throughout the civilian sector than they are in the defense sector. So one of the challenges for the Department of Defense in the future is how to take advantage of technologies like communications, computers, and computations that are absolutely essential to warfighting in the future, when most of the research, most of the investment, most of the development, will be done primarily in the commercial sector? And the answer to that is we need to change our own practices, our own ways of doing research business to take advantage of dual-use applications.

I have an office that is involved in just those sorts of activities as well. That's really how I think about our mandate. Our mandate is to involve commercial concerns, to help the Department of Defense be more business-like in its own business, always recognizing that this is *not* just another business. What we do is not like, for instance, making cars or delivering other services. But that doesn't mean we can't learn about and apply commercial techniques to do our own business better. And then secondly, to make sure that there is open communication between the businesses on

which we depend and the Department of Defense in its own policy, budget, and program management decisions. That's how I really think about the job.

Program Manager: Would you mind giving our readers a little bit of background on yourself—the credentials that you bring to the new Economic Security office that serve you well in your position?

Mr. Gotbaum: I was originally trained as a lawyer at Harvard University's law school and as a student of government at the Kennedy School of Government. I went into the government and did energy and economic policy work 15 plus years ago. This was during the Carter administration. Actually, it began before then. I worked as a consultant during the Ford administration, and then went full-time during the Carter administration.

I had been concerned that people who made economic policy in the Federal Government all too often lacked actual business experience. When the Carter administration ended, I resolved that I was going to go into private industry—and I did. I joined Lazard Frères & Co., a New York-based investment bank as an associate, and spent the next 13 years doing mergers, acquisitions, corporate restructurings, corporate finance, etc., in a very wide variety of industries.

The job essentially was providing financial advice to companies or providing negotiating services for fund raising for companies in the context of change. And that range of transactions on which I worked covered things from the acquisition of RJR Nabisco by Kohlberg, Kravitz and Roberts, to the acquisition of Weirton Steel Plant [W. Va.] by employees, plus a lot of other transactions, both here and in Europe. So my work was primarily giving advice to corporations about mergers, acquisitions, and restructurings.

Program Manager: Mergers, acquisitions, and restructurings —



In sector after sector, they have undertaken studies to identify answers to important concerns, e.g., am I causing a problem here; am I putting an industrial capability that I need at risk?

exactly what's going on today throughout the Department of Defense.

Mr. Gotbaum: Yes, and what we've discovered now is that in some respects the defense industry is undergoing the restructuring that other manufacturing industries and other service industries began, in some cases, 10 or 15 years ago, but in many cases, more than 5 years ago. And yes, I spent a lot of time in mergers; I spent a lot of time in restructurings.

Program Manager: Is educating the Pentagon about how its decisions affect the defense industry a tough job, and in what respects?

Mr. Gotbaum: One of the things that the outside world does not appreciate enough about the Department of Defense is the extraordinary competence and dedication of the people that work here—both military and civilian. I've found that the issue is not, "Can these people take commercial concerns into account?" And the issue is not, "Are they sensitive to the need to take commercial concerns into account?" What we have found in case after case is that we need to teach language, convention, techniques, so that more than in the past, people in the Department of Defense and people in industry can understand each other—recognizing the fact that both of them are undergoing massive change.

Let me give you a "for instance." The U.S. Army and the Army Materiel Command have, for several years, undertaken a set of industrial-base studies. And their concern is precisely the right concern. They know that they are buying less; they recognize that they are going to have to do so; but they want to make sure that they don't lose any industrial capabilities that are really important. In sector after sector, they have undertaken studies to identify answers to important concerns, e.g., am I causing a problem here; am I putting an industrial capability that I need at risk?

This was something that was going on before I was confirmed in this job. We have, since my confirmation, been able to help the Army refine their analysis to focus more tightly on the financial indicators that best reflect financial health, for example. But the basic impetus was already there; the basic interest was already there; and the basic competence was already there.

Program Manager: As you mentioned earlier, the defense budget is going down, and since you've pretty much taken the reins here in the Economic Security office, Secretary Perry has announced \$7.7 billion in cuts to weapons programs. Was your hand in

this decision, and do you believe these cuts are necessary? Why?

Mr. Gotbaum: I don't think there's anyone in the Department of Defense who wouldn't be happier if the defense budget were higher. I think we all are learning to live with the realities of a lower budget. The role that Economic Security plays within that is trying to make sure that the effect of that lower budget is not to lose industrial capabilities that we depend on. We have two issues. One is that many of our suppliers are facing reduced revenues. Many of our suppliers are facing lower levels of profits. Some of those suppliers are actually at risk. Some of them will choose to leave the defense business, or to do other things, or to close down lines we want.

The real issue for us though is separating the wheat from the chaff. We cannot afford to help every one of our suppliers who has lost business. The procurement budget has been cut by over two-thirds in real terms. So the task is determining what capabilities we really need, what capabilities are genuinely at risk, and then what's the best and most effective way to deal with the government.

It may be that we have circumstances in which we have a capability that is genuinely at risk, but we don't want to simply continue low-rate production. It may make sense to buy the technical data rights and to mothball the ability to produce this particular system. It may be that the most effective way to deal with this situation is to qualify another supplier or to accept a substitute product which is similar. Those are the areas in which we try to be helpful.

Program Manager: What about the risk involved in purchasing the technical rights, and then putting them aside until we need them again? In other words, if we keep the technical rights, yet lose the quality of people who perform this technical work—the so called artists and magicians—doesn't that involve considerable risk?

Mr. Gotbaum: There are absolutely risks. The issue is, are they risks that the Department of Defense chooses to undertake? Let me give you another "for instance." One study that we just completed was a study of what we called the Bomber Industrial Base Study. This was a study commissioned at the request of Congress which essentially said, if the Department of Defense is not going to buy any further B-2s, is the Department comfortable that they will be able to procure bombers effectively in the future.

Based on that, we commissioned a study to look at the nation's true capability to produce bombers. And we learned some very important things. First, we learned that there is no bomber industry per se. What we learned, however, is that there is an aircraft and aerospace industry that, from time to time, is called upon to produce bombers. In the last 40 plus years, three separate companies have been made primes on bombers. No company has gotten successive awards. What that tells us is that we're really not looking at the capability of an individual company or an individual plant. We're really looking at the capability of an industry—an industry that is practical to use, that is working for the Department of Defense, and is working for the commercial sector as a whole.

The other thing we learned is that, in fact, there are several other circumstances in which we have started up production lines of bombers by doing a "smart shutdown." Clearly, there are risks, but those risks are in some circumstances manageable. Therefore, the Department of Defense can choose to undertake that level of risk. And that in fact is what we concluded when we looked at the bomber industrial base area—that we could, if it made sense to do so, start up production, even on a system as complex and as intricate as the B2, if that made sense over the course of the next decade.

Program Manager: We'd like to go back to the subject of mergers. We know that one of your duties is to examine planned defense mergers such as the one between Martin Marietta and Lockheed. Did you support that venture? How do you think this merger would benefit the defense industry?

Mr. Gotbaum: Let's start with the facts. The defense procurement budget is down by more than two-thirds over the course of the last decade. There is not an industry in the world that would see revenues go down by two-thirds without restructuring or consolidation. So it is entirely expected, in fact it is inevitable, that the defense industry will consolidate, that it will combine. The issue for the Department of Defense is, "Where is this consolidation in the interests of the Department of Defense?"

We see one plus and one minus here. The plus in consolidation is that in the Department of Defense we pay for the overhead. If two companies are producing the same missiles for DoD on a cost-plus basis, and each of them has a plant that is operating at 20 percent of capacity, an organization is paying for the 80 percent that is fallow in each plant—in this case the Department of Defense or the taxpayers of the United States. So, in cases like that, if two companies combine, and take two plants working at 20-percent capacity and create instead one plant that's working at 40-percent capacity or better at 50- to 60-percent capacity, then we as taxpayers and the Department of Defense are better off. That happened in Lockheed Martin. We estimated on a preliminary basis before the transaction that savings to the taxpayers ought to be in excess of a billion dollars. Since that time, Lockheed Martin have done far more detailed studies in that respect, and they've concluded that the numbers were three times that.

The other consideration is that as companies consolidate, we run the

risk that we might end up being dependent on a single supplier. And that poses competitive risks because competition is the juice that lowers costs. Competition is the juice that encourages innovation. And so we are mindful that in any combination, there is a risk that we will end up being at the mercy of a single supplier. What we find, however, is that the Department of Defense is the most powerful customer in the world. If you or I want to buy a Caravan, we can't really turn to Chrysler and say, "by the way, I want the spare tire inside the cabin." But the Department of Defense, when we want to design a ship or an airplane or even a truck, has the capability to say, "this product is for us — we want it to look like this." We have more influence over our suppliers than most other customers and more flexibility in contracting, we have more flexibility in design, and that means that we can undertake product development in a way that encourages new entrants, in a way that encourages competition that might not otherwise take place.

Those are our two concerns as a result of consolidation. One is the benefits from cost reduction, and the other is the risk is that we might be at a competitive disadvantage. But what we found in the case of Lockheed Martin is that we have ample tools to handle the competitive risks, and the cost savings to the taxpayers and the Department of Defense were in the billions.

Program Manager: Have you worked with the Clinton administration on what amounts to an industrial policy with the defense sector in which federal contracts are used to sustain key companies and technology? Can you tell us how your office is involved in helping distressed industries who have been hurt by the two-thirds budget cut you mentioned that has been occurring in military procurement funds over the last decade?

Mr. Gotbaum: I'll be frank and tell you that I think that's a red her-



I view our job, in essence, to be smart buyers — to recognize where we need to be helpful to our suppliers, and to make sure that we have all the capabilities we need over the next 5 years and over the next 25 years.

ring. When General Motors goes to its suppliers and says, "I want to work with you to make sure that you deliver products reliably at an affordable cost," nobody says that's industry policy. That's what the Department of Defense is doing. That's what the Department of Defense did before this administration, and that's what the Department of Defense will do after this administration is gone.

Because we rely on the defense industry for our technology. I view our

job, in essence, to be smart buyers — to recognize where we need to be helpful to our suppliers, and to make sure that we have all the capabilities we need over the next 5 years and over the next 25 years. And I think characterizing the debate as either pro or con industrial policy, to my mind, frankly misses the point. It has always been in the interests of the Department of Defense to make sure that it has the best technology in the world. It has always been in the interest of the Department of Defense to make sure that we invest in those technologies which will support the warfighters of the next generation. That was true 5 years ago, it's true today, and it will be true in 2001.

Program Manager: How do you decide which defense industry sectors are so crucial that the nation cannot afford to let them go under? Is there some type of criteria?

Mr. Gotbaum: Actually, it turns out that the Department of Defense, for years has spent time defining those platforms which are critical, and those technologies which are critical. Each year, for example, this past year the Director of Defense Research and Engineering, Anita Jones, just published the Science and Technology Strategy Report (which is worth reading if you have not), essentially outlining those areas of technology which the warfighters believe are essential. Similarly, as part of the acquisition process, the Under Secretary of Defense (Acquisition and Technology), Dr. Kaminski, is in the budget, setting the priorities for platforms, systems, and equipment. So deciding what is necessary is the first step. That's something we do.

The second step is deciding from those things that are necessary, whether there are any that require special programs beyond your basic investment and procurement. And that's where we have become more systematic and more consistent. That

is where over the last year or so we've said, "If you want to support the industrial base, you ought to meet the following tests. It ought to be a critical capability, you ought to know that it's genuinely at risk, and then you ought to know that you're applying the most cost-effective measure." But the former test, i.e., what's central to the Department of Defense, the Department has been focusing on, in my view, quite carefully and quite thoughtfully for a very long time.

Program Manager: Without getting into any specific firms, does fraud ever surface as an issue when you review a contractor's claims that they will go under unless they receive additional work?

Mr. Gotbaum: To my knowledge, it has not yet. That doesn't mean that we aren't mindful that we are the fiduciaries of the public's money. We are. But I think that the fairest thing that can be said is that the Department of Defense and the Federal Government have spent a considerable amount of time learning to ask questions, to check facts, before we engage in programs of support.

There is another risk which people don't talk about as often, which is that the fear of fraud will lead us to avoid doing the things we ought to do to run the Department more efficiently. It is possible to put in place oversight systems and review systems, all of which have costs, that result in us not undertaking actions that are necessary. And it would be very unfortunate if in our zeal to protect the taxpayer's dollars, we ended up spending more than we should to get the systems we need.

Program Manager: Let's discuss some areas that we understand your office is either responsible for or plays a role in monitoring: closing military bases, improving military housing, developing new policies for weapons sales overseas, reducing administrative and accounting burdens on military contractors, and helping defense

firms make more commercial products. Would you care to elaborate on some of these or any of these, please?

Mr. Gotbaum: The BRAC is another arena in which the Department of Defense is reconciling itself to the new realities. The way we fight wars is changed; the way we are organized is changed; and our budget is changed. If we don't reduce our infrastructure commensurate with our reduction in budget, we're going to spend dollars supporting tail that ought to be in the teeth. So we consider base closings to be necessary — but very painful.

Everyone in the Department of Defense is mindful of the fact that when we close or realign a base, we're affecting communities that have supported the armed forces, in some cases for centuries. But for us, there really is no alternative.

What we have done over the past couple of years is that we've taken the next step which is to say, "let us reform the process by which we reuse bases to encourage new job creation," and so we follow the painful BRAC process with a more streamlined base-reuse process.

We now have the authority to transfer property on flexible terms to encourage discount, to encourage job creation on those bases — an authority which we did not have 2 years ago. We now have people on-site, base transition coordinators, to serve as ombudsmen. We now help communities more effectively than I think we did before, to plan for reuse, to take advantage of economic development potential. So this is another economic security area where we've been able to make some improvement, essentially recognizing economic development reality.

Housing is a different matter. The Secretary of Defense last year made it very clear that the conditions under which we housed our troops are not satisfactory. They had not been satis-

factory for a long time. In essence, he wanted to put a mark on the ground and say that quality of life mattered, that quality of life was essential to readiness, and that unless we did something about quality of life, the finest weapon systems in the world would not be helpful if we couldn't retain the troops that use them. But he had a problem, which is that in an era of declining budgets, we did not have in any one year the billions of dollars that were necessary to refurbish family housing and barracks. So what the Secretary said is, "Can we not use commercial techniques here too? Can the Department of Defense not, like other people, use private developers and private capital to refurbish our housing stock, and then pay for it over time?"

Sowhatthe three Services have done, in cooperation with the Office of the Secretary of Defense, is to develop the legislative proposal that would permit us to act like a private business. That would permit the Department of Defense to acquire and procure housing on a commercial basis, using commercial developers, and using commercial financial markets. That legislation is before the Congress now, and one of the things that is most gratifying is that the Congress too recognizes this is an issue that must be dealt with. Members from both Houses, both parties have said, "we know that we have a problem here, and we want to solve it for the troops." So we are hopeful that we will get this legislation, and we're going to implement it.

The size of our housing problem is so large — it's taken us 30 or 40 years to get to this point — it's not something that will be solved in a year or two. But we are hopeful that what we can do is lay the groundwork so that over the course of the next decade, we could in fact refurbish our basic housing.

Program Manager: Would you care to comment somewhat on policies for weapons sales overseas?

Mr. Gotbaum: This is an area where a changed national security situation and a changed budget led to changes in policy priorities. The fact is that these days when we fight, we fight far more often alongside the armed forces of other nations. And as a result, interoperability and coordination matter more. The fact is also that these days the funds we have for weapons development and the funds our allies have for weapons development have declined. Therefore, there is leverage to be obtained by sharing developmental costs by trying to develop certain common systems.

As a result of this, the Secretary of Defense has said, "I want a greater focus on international arms cooperation and systems development." While no one would pretend that the tasks are easy because they require allies with different requirements, procurement systems, time tables, and budgets to develop a common program, nonetheless it is important. And we are prosecuting it aggressively, working on the Medium Extended Air Defense System with our European allies, working on certain kinds of communications and ground surveillance, and other areas of cooperation. All of these things on which we work involve change; even with the best good will, it's not easy. My standard line on almost all of them is, "none of this is easy, none of this is quick, and none of this is smooth, but it turns out that it all is important, so we are doing it. And we are..."

Program Manager: If you could describe the best advice you ever received related to your job, what would that be?

Mr. Gotbaum: The best advice in this job was given to me by [then] Under Secretary John Deutch. What he said was, "There is a wealth of talent here; there is a great deal of good will here. In order to succeed, you must join forces with the Services to develop a common set of objectives, and then go execute them."

'HANG TEN' AS YOU 'SURF' THE INTERNET ON DSMC'S NEW HOMEPAGE

James H. Dobbins

If you are out 'surfing' the Internet, why not 'hang ten' on our new DSMC Homepage. You can find us at <http://www.dsmc.dsm.mil>. We went on-line officially on September 11, 1995, and are providing you with a tool for acquisition research as well as a source of information about DSMC.

When you enter our Homepage, you will see a graphic of the College and an entry to our table of contents. In the table of contents you will find the riches you need for your acquisition tasks. You will find the complete *Program Managers Notebook* to browse through. You will also find the schedule of classes and, soon the *DSMC 1996 Catalog*. You will also find links to the DoD Deskbook and the Acquisition Reform Network.

As you continue to browse through the contents, you will see other items we are preparing to offer and their proposed availability. These include the DSMC Guidebooks that have been so popular, the *Program Manager (PM) Magazine*, and the *Acquisition Review Quarterly (ARQ)*. The *PM Magazine* will initially offer the current issue at the time it goes on-line, but our plan is to provide back issues to January 1994. We will do the same for the *ARQ*, but will add all back issues since the journal is relatively new.

In coming months we will be making the entries on our Homepage as usable as possible by establishing hot-links between them. For example, we plan to have hot-links placed within our *PM Notebook* so the user can link directly to chapters or sections of the DSMC Guidebooks that address the same topic. As we add or discover them, we will also provide additional links to other sources within DSMC as well as in DoD, other federal agencies, and industry.

Future plans include a place for accessing Best Practices and Lessons Learned. These, and other useful items, will be added over time, and the objective is to make this Homepage a useful tool for you, our user community. It is really *your* Homepage. If you have comments, suggestions, or become aware of features or other sites we should have, or have links to, on the DSMC Homepage, please let me know. I can be reached via e-mail at dobbinsj@dsmc.dsm.mil. We are here to serve you. We look forward to doing so, and we hope you find your new Homepage useful in your assignments.

Editor's Note: Professor Dobbins is Associate Dean for Information, Research, Consulting, and Information Division, DSMC.

A REPORT ON THE 1995 ACQUISITION RESEARCH SYMPOSIUM

"When People Stop Relying on Rules and Can Make Good Business Decisions, Things Will Change"

Beryl A. Harman

On 28 June 1995, the Acquisition Research Symposium, sponsored by Mrs. Colleen A. Preston, Deputy Under Secretary of Defense for Acquisition Reform, opened its doors to an overwhelming 380 attendees representing a mix of industry, academe, Department of Defense (DoD), and other federal agency personnel interested in the tenets of acquisition reform. The symposium, co-hosted by the Defense Systems Management College and the National Contract Management Association (NCMA), Washington D.C. Chapter, offered a wide range of informed speakers and acquisition research presentations that addressed the theme "Acquisition Reform: A Mandate for Change—Reengineering the Acquisition Process." The Symposium focused on exploring the acquisition challenges attendant in acquisition streamlining, the downsizing of defense, and the impacts of the National Performance Review. The Symposium's success can be attributed to the outstanding volunteers, the willing participants, and a general sense of satisfaction in sharing information.

Ms. Harman is a Professor of Acquisition Research, Research, Consulting and Information Division, DSMC.

A highlight of the 1995 conference was presentation of three David D. Acker "Skill in Communication" Awards. Mrs. Preston presented the awards this year to Dr. Edmund H. Conrow, an independent consultant; Ms. Karen D. Sorber, Logistics Management Institute; and Dr. Ronald L. Straight, Howard University, for their quality and outstanding research on relevant acquisition topics. Other activities at the conference are presented below.

**Opening Remarks —
Hon. Thomas M. Davis III
(R-Va.)**

Beginning Day 1 of the Symposium, Representative Davis, a member of the House Government Reform and Oversight Committee, focused on those ideas, projects, and policies happening in Washington today that will affect and assist the acquisition community in streamlining the acquisition process. During his presentation, he focused on two specific areas of particular interest to the government community:

- **Budget Resolution of 1996.** The possibility exists of increased health care costs for civil servants (potentially 5 percent over the next 5 years), and a potential reduction in retirement benefits (a computation change from the top 3 years to the top 5 years of federal service), which could go into effect as early as 1997.
- **Proposed "Federal Acquisition Reform Act of 1995," H.R. 1670.** With regard to acquisition reform



legislation, he discussed the main points in the new bill; those dealing with competition, commercial acquisition, procurement integrity, revolving door policies, and protests. On receiving a small token of appreciation at the end of his presentation, Representative Davis was careful to note that he was "thankful it was offered before the 'gift ban' went into effect." Reform obviously has many faces, acquisition being but one of them.

Welcoming Remarks

Mrs. Colleen Preston, Deputy Under Secretary of Defense for Acquisi-

the need for education and training on the implementation of the Federal Acquisition Computer Network (FACNET). This is being facilitated, she noted, through the Acquisition Reform Communications Center (ARCC) at the Defense Acquisition University.

Secretary Preston expressed concern regarding the lack of correlation between the defense budget and the current workload. "It takes just as many people to administer \$4 million dollars as it does to administer \$50 million dollars. Therefore, a reduction of 65 percent in the procurement dollars will not reduce the workforce by the same percentage. A

Concerns of Industry and the Need to Redefine the Industry Partnership

Mr. Richard A. Linder, Chairman of the Electronics Systems Group of Westinghouse Corporation, delivered the keynote address, discussing the concerns of industry and the need to redefine the industry partnership. He stressed the fact that peace is not permanent. The United States still needs a strong defense, but it also needs new tactics. Rapid changes, uncertainty, and instability in the world structure require America to rapidly change the face of her defense forces — a challenge with a smaller budget. The technology explosion will play a key role in this process. The revolutionary use of off-the-shelf hardware and software will provide vastly reduced system cost and will introduce a significant cultural change.

He noted that while FASA is a good first step, industry is still pushing for innovation and change. One dramatic change already in effect is the de-emphasis on military specifications, which allows industry to propose the use of commercial equipment. Future change could see the adoption of ISO 9000 as the quality standard, which if implemented government-wide, would significantly reduce the need for government oversight. This would facilitate an increase in competition because business would be certified under international standards. Yet another change could be the implementation of a single federal industrial security process.

He stressed that America must avoid non-value added activities. Reduced regulations will make it easier for both small business suppliers and large business suppliers to compete in the domestic and international marketplace. He further advised downsizing the infrastructure and mapping the process by increasing the span of control to facilitate easier decision making. In this manner, systems could be delivered sooner, at a quarter of the current cost, with up-to-



Photo by Richard Mattox

The sponsor of the symposium, Colleen M. Preston, Deputy Under Secretary of Defense for Acquisition Reform, confers with fellow conferees. From left: Mr. Richard A. Linder, Chairman of the Electronics Systems Group of Westinghouse Corporation; Congressman Thomas M. Davis III (R-Va.); Secretary Preston; and Brig. Gen. Claude M. Bolton, Jr., USAF, Commandant, DSMC.

tion Reform (DUSD[AR]), in her welcoming remarks to the keynote speaker and conferees, emphasized

true partnership with industry, however, is one way the government can gain in productivity."

date technology, at time of delivery. What the government needs to avoid are "Requests for Proposals with over 60 pages of proposal instructions, multiple contract line items, Cost/Schedule Control Systems Criteria reporting and Fixed Price options that span over 28 years." Integrated Product Teams (IPT) can facilitate this process. Decisions, in an IPT arena, open confrontational dialogue and test issues on a real-time basis. In addition, IPTs establish a climate of creativity that needs to be fostered.

When questioned on his definition of a government industry partnership in procurement, Mr. Linder responded that it is no different than any other in-plant teamwork. What it does allow, however, is better communication. We must not only "obey the regulations," but must cooperate "as well as we do with our commercial customers." He then went on to describe downsizing as a competitive issue. Westinghouse has already decreased its workforce by 56 percent and intends to reduce cost on major systems through commercialization and dual-use technology.

On the issue of using IPTs, Mr. Linder expressed the view that IPTs can be introduced at any level. But there must be significant emphasis on training. Problems at Westinghouse have been caused by selecting the wrong people and the lack of adequate training.

Acquisition Reform "Oversight and Review" Initiatives

During a roundtable discussion, Col. Richard Engel, USA, addressed acquisition reform "oversight and review" initiatives. In his opinion, of the 33 recommendations staffed in this area, the most important is the movement to IPTs for overview of acquisition programs. This activity involves everyone up-front in the planning and documentation process, particularly Office of the Secretary of Defense (OSD) staff, and leads to early insight into program issues.

This is a major change in the culture of acquisition; i.e., *do things right the first time*. It further allows for documentation to be reduced to a minimum for program decisions and allows the Program Manager to decide what documentation, other than statutory, is really required. Another initiative currently under consideration is the consolidation of audit and inspection requirements at DoD level. This would significantly reduce the amount of program audits conducted annually.

Acquisition Reform Electronic Commerce/ Electronic Data Interchange (EC/EDI) Initiatives

Following Col. Engel's presentation, Ms. Dolores "Dee" Smith, Director, DoD Electronic Commerce Office, addressed acquisition reform EC/EDI initiatives. These initiatives were generated to create a "single face to industry" and to provide a technical interface solution for 1,400 sites, to cover 88 percent of all small purchases. Named FACNET, the new infrastructure is expected to cover 99 percent of all small purchases for all federal agencies.

Another projection is that FACNET compliance will be instituted internationally. The idea is to become certified to use the whole system at one point of entry — Columbus, Ohio. While the current system only addresses acquisitions under \$100K, an over-\$100K financial working group was formed in January of last year to begin a functional description for actions over \$100K. The holdup is the ANSI X12 protocol, which will not currently sustain the added functions. Questions concerning the system can be directed to the 1-800-EDI-3414, HOT LINE. Twenty-two thousand inquiries have already been received. The ARCC, as well as a significant number of outreach centers, carries updated information on this activity.

Contract Administration Reform Initiatives

The next speaker, Mr. Michael R. Williams, Defense Contract Manage-

ment Command (DCMC), spoke on DCMC Contract Administration Reform Initiatives. In 1992, DCMC began implementation with the move from compliance to product performance. This has meant changing from an adversarial relationship between government and industry to a successful cooperative relationship.

Other initiatives have focused on early contract administration involvement to design better contracts and to provide more risk-oriented surveillance. This includes simplifying Forward Pricing Rate Agreements so that particular rate changes can be accommodated; utilizing Dun and Bradstreet to perform pre-award surveys; minimizing oversight to reduce non-value added activities; contractor participation in reinvention laboratories (10 sites); and requesting regulatory waivers to reduce cost drivers. The major thrust is to advance from oversight to insight with risk assessment as the enabling tool. As Mr. Williams stated, "If new ways don't work we will go back to the old ways, but first you have to try."

Procurement Reform Initiatives

Mr. Robert Rumberger, leader of the Procurement Reform Process Action Team, described the groundrules and the process followed by the team. The most important groundrule was to include experienced personnel on the team since there was insufficient time for extensive data gathering.

The resultant team of experts generated 32 recommendations in the procurement area. These recommendations were incorporated into an integrated report that, in turn, generated over 450 comments. Each comment generated its own response and was incorporated into the recommendations. The final report centered around defining and disseminating procurement best practices and streamlining, and simplifying competitive and sole-source procurements.

Many of these recommendations have now been incorporated in policy memoranda or are included in one of six Federal Acquisition Regulation/ Defense Federal Acquisition Regulation (FAR/DFAR) cases currently in process. Socio-economic issues were not addressed by the team since this activity was viewed as non-productive. The DoD is not playing a proactive role in that area.

Department of Energy's (DOE) Management Initiative

Following Mr. Williams, Mr. Jerry L. Bellows, Director, Contract Reform Project Office, spoke on DOE's Management Initiative. The objective of the initiative is to ensure that the business of the department is conducted in a way that ensures mission accomplishment. Instead of privatizing the public sector, it envisions 'governmentizing' the private sector. The DOE is trying things that may not be successful. However, it is willing to take the risk.

The key principles of the initiative are: (1) competition is the 'norm'; (2) the contractor's management and operating arrangement will be of paramount importance; (3) all contract extensions are conditioned on incorporation of all contract reform conditions; (4) cost savings is an integral part of each activity; (5) new contracting approaches and structures are favored; (6) new partners and new ideas are encouraged; (7) subcontractors are encouraged to write the statement of work; and (8) replace outmoded and burdensome practices. The basic idea is that contractors are no longer required to mirror federal contracting practices. Mr. Bellows stressed that DOE needs to seriously consider using commercial contracting practices and to use incentive arrangements other than award fee to gain contractor cooperation. This will allow DOE to privatize on-site activities.

He further indicated that the basic elements of contract reform are al-

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ready being successfully implemented. Although the first measures of success are somewhat crude, DOE is in the third annual cycle and is getting better. It still needs, however, greater financial accountability, improved financial management information, increased use of FAR-based cost principles, increased use of fixed-price contracts for equitable risk sharing, and more cost reduction.

The DOE is no longer looking at process and 'how to's', only at outcomes and performance. It has issued a guide that includes two model contracts: a 'non-profit' model, and a 'for-profit' model. Either one can be modified to fit the desired circumstances. Also, DOE is looking to reduce cost and proposal preparation time by using oral proposals as a mechanism. Performance-based contracting is now the norm in the Department. Mr. Bellows concluded that DOE is moving from the prescriptive to experimentation and is committed to reducing oversight. For instance, the Occupational Health and Safety Administration is now inspecting DOE sites instead of DOE personnel.

Senior Acquisition Executives Panel

Beginning Day 2 of the Symposium, Dr. Paul G. Kaminski, Under Secretary of Defense for Acquisition and Technology, introduced and moderated a Senior Acquisition Executives Panel Discussion. The thrust of the discussion centered around three issues:

- Why do we need acquisition reform?
- What are the objectives of acquisition reform?
- What are we actually doing?

The following provoking questions were asked in response to these topics. Answers were essentially as stated.

Question 1: What is each Service doing to streamline Acquisition Category (ACAT) IC and below programs?

Vice Adm. William C. Bowes, USN, Principal Deputy Assistant Secretary (RD&A): The Navy has introduced program teams and is delegating all ACAT III programs to Program Executive Officers (PEO) throughout the approval process. The milestone decision authority is delegating all tailoring of the documentation. In addition, all regulations generated by intermediate commands are being eliminated. The Navy is dedicated to decreasing cycle times.

Ms. Darleen A. Druyun, Principal Deputy Assistant Secretary for Acquisition and Management, Department of the Air Force: All ACAT II, III, and IV programs within the Air Force are being delegated to PEOs. In addition, the Air Force is implementing nine "lightning bolt" reform initiatives. The Air Force Systems Acquisition Review Council documentation is basically going away, and a single acquisition "management plan" will be used for many documents being used today. Lastly, IPTs have been formed within the staff to get everyone working together to avoid repetition of questions.

Dr. Kenneth J. Oscar, Deputy Assistant for Procurement, Department of the Army: The Army has a Process Action Team that is looking at streamlining the Defense Acquisition Board oversight process. In addition, only one briefing is required for the Army Systems Acquisition Review Council process, with JSTARS

Continued on page 44

1995 ACQUISITION R

Sponsored by Colleen M. Preston, Deputy Under Secretary of Defense for Acquisition Reform, the 1995 Acquisition Research Symposium was conducted June 28-30, 1995, at the DoubleTree Hotel in Rockville, Maryland. Approximately 400 people attended the event. This year's Symposium was co-hosted by the Defense Systems Management College (DSMC) and the National Contract Management Association, Washington, D.C. chapter.

The theme and subtheme of the symposium, *Acquisition for the Future: Imagination, Innovation and Implementation*, and *Acquisition Reform: A Mandate for Change — Reengineering the Acquisition Process*, were addressed by the plenary speakers as well as the breakout session presentations. Plenary speakers included Mr. Richard A. Linder, Chairman, Electronic Systems Group, Westinghouse Corporation, who delivered the keynote address; and Hon. Thomas M. Davis III (R-Va.), member of the House Government Reform and Oversight Committee, who was the first guest speaker to address the audience.

Right: Colleen Preston (DUSD[AR]) congratulates recipients of the David D. Acker Award for Skill in Communication. From left: Secretary Preston; Dr. Ronald L. Straight, Howard University; Ms. Karen Sorber, Logistics Management Institute; and Dr. Edmund H. Conrow, Independent Consultant.

Below: Keynote speaker, Mr. Richard A. Linder, Chairman of the Electronics Systems Group of Westinghouse Corporation, addresses the conferees concerning industry acquisition reform initiatives.



Right: Col. Richard Engel, USA, Military Assistant for Systems Acquisition, Deputy Under Secretary of Defense for Acquisition Reform, discusses the "Oversight and Review" Process Action Team initiatives during the Acquisition Reform Initiatives Roundtable segment of the Symposium. Left: Ms. Delores "Dee" Smith, Director, Electronic Commerce (EC), Assistant Deputy Under Secretary of Defense for Acquisition Reform.



RESEARCH SYMPOSIUM

Left: DSMC Symposium Chair, Mr. Calvin Brown, and DSMC Program Chair, Ms. Joan L. Sable, were instrumental in the organization of the Symposium Program Agenda.

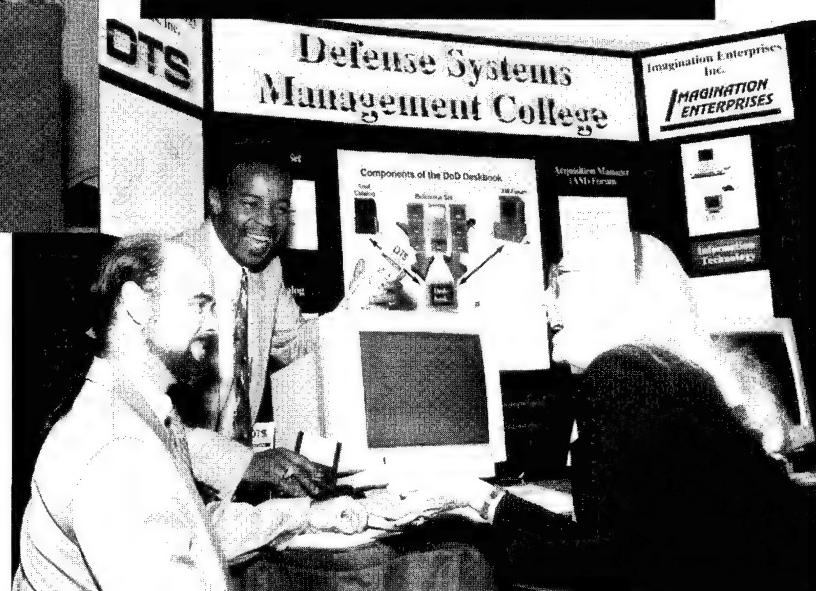


From left: Mr. William Birkhofer, NCMA Program Chair, presents luncheon speaker, Mr. Stephen K. Conver, President, Defense Systems, Lockheed-Martin Corporation, with a plaque in appreciation for Mr. Conver's participation in the 1995 Acquisition Research Symposium.

Below: Hon. Steven J. Kelman, Administrator for Federal Procurement Policy, Office of Management and Budget, discusses his views concerning acquisition reform relative to federal procurement policy.



Above: Hon. Thomas M. Davis III (R-Va.) addresses the audience of approximately 400 members of the acquisition community.



Right: Ms. Beryl Harman, DSMC Publicity Chair, discusses the Acquisition Deskbook concept with demonstrators at the Symposium Exhibit Hall.

designated the pilot program. All ACAT programs below ACAT I have been delegated, and waivers have been granted to the field so that little has to be forwarded to the Pentagon.

Dr. Kaminski also noted many issues on ACAT ID programs are being resolved by IPTs. This eliminates the need for a formal process.

Question 2: If the cost of oversight on an acquisition adds 18 percent to the target (Coopers and Lybrand), what is the Defense Contract Management Command (DCMC) doing to reduce the cost of oversight?

Rear Adm. Leonard Vincent, Deputy Director for Acquisition, Defense Logistics Agency, Commander, Defense Contract Management Command: The DCMC is trying to identify and reduce oversight through implementation of the Process Oriented Contract Administration Service (PROCAS). In addition, DCMC has established reinvention laboratories to support the thrust of the Coopers and Lybrand Study. The goal is to determine cost drivers, but not in a vacuum. Also, DCMC is building teams between Industry, the Defense Contract Audit Agency, and DCMC to identify ways to eliminate the oversight that we currently have in the plants. In the future oversight will be minimized on contractors considered 'world class' by DoD. In this way DCMC will perform the appropriate level of oversight. Already, DCMC has reduced the workforce by 7,000 people since 1990 — 3,500 out of contractor plants.

Question 3: Why is JPATS not commercial given the Army experience?

Ms. Druyun: Beech aircraft was recently selected as the best value offeror by the Air Force. The Request For Proposal requested maximizing the use of

commercial practices and allowed offerors to meet requirements with any number of commercial alternatives. A significant number of proposals were received including one total commercial approach. The cost difference between a government approach and a fully commercial approach was less than 5 percent; i.e., less than \$20 million. The Beech proposal was significantly lower in overall cost and was the best value for the Air Force.

Question 4: Why do you believe that acquisition reform will work this time?

Rear Adm. Vincent: Change is always hard, but the workload has changed and budgets are decreasing. Further, there is a will in Congress and the government today to change, and that is evidenced by everyone here. Once change is started, it is hard to stop. Therefore, we are benchmarking changes with industry help.

Vice Adm. Bowes: I have never seen a time where commitment is so consistent. The Navy is very fortunate to have people in key positions that are linked to Congress. In addition, there are more experienced people in the acquisition workforce and in key positions who understand the process and can change the mechanics.

Ms. Druyun: The Air Force is committed, and this is the first time there has been consistent leadership commitment. For the first time there is real teamwork between the OSD staff and AF staff in writing program documentation. In addition, this Administration is serious about reform.

Dr. Oscar: First, we have no choice. The reality is weapon systems are aging, the Army has fewer people and reduced budgets. Second, there is an increase in educated personnel. The acquisition corps has been a real help in providing education in business disciplines to professionalize the workforce.

Dr. Kaminski: First, the military, industrial infrastructure is shrinking. Second, there is true commitment from the Executive down. Third, there is buy-in from the field to change past practices. Communication is the key. Nothing is going to happen without buy-in. Changing behavior is what this is about.

Question 5: Classic Public Administration talks about "muddling" through. Do you see a bolder approach to administration and action?

Rear Adm. Vincent: We can do our business differently. We have to let our smart people make the changes. There are many ways to do things, and we must allow our people to make the decisions. In this way ideas are heard at all levels of the organization.

Ms. Druyun: We need to conduct a revolution versus a renaissance in the acquisition process. We do not need to throw everything out, but we have to incorporate the best practices from industry and government. We need to identify what is really good and adapt it to the system in development.

Dr. Oscar: The best use of power is to empower the people and delegate. With this delegation we will obtain revolution. For instance, the U.S. Army Training and Doctrine Command is reengineering the whole acquisition process; the requirements document will merely say how far, how much, and how soon. Industry will now be asked to comply. When people stop relying on rules and can make good business decisions, then things will change.

Vice Adm. Bowes: While certain parts of the process can be abandoned, we need to make sure we do not make change and buy the wrong thing.

Dr. Kaminski: Do not look for the one-size-fits-all approach. We can accommodate very radical approaches. This is a people issue. We

have the necessity to involve people in what we are buying, and this is hard to do in a centralized process. Funding instability is still a problem, but we cannot remove all the structure. We are chipping away at the issue to make the process more stable and reduce the cycle time.

Look for Best Practices and Trust the People

Serving as the guest speaker for Day 2 of the Symposium, Mrs. Colleen A. Preston, DUSD(AR), considered the concept of acquisition reform to have one common guiding principle: "Reform will come from the bottom up, and change will be a constant." Therefore, DoD needs to look for best practices and to trust in the expertise and professionalism of its people. When people are empowered they should be expected to make mistakes. The DoD needs to innovate and take prudent risks.

She stressed that while partnering between government and industry assures that DoD meets its customers' needs, it should not stop us from asking if this is the appropriate tool to use. In this regard education and training are of paramount importance. The people need total leadership commitment to the IPT process. In addition, DoD needs a globally competitive industrial base where the procurement process is used to further the socio-economic goals of the nation.

Mrs. Preston stated that the results of the Process Action Teams are already being implemented. This will enable the business process reengineering effort and change the regulatory paradigm; not by how people comply with rules and regulations, but by how they make decisions. To foster change, people need to understand that the leadership is behind them in taking risks.

Furthermore, DoD needs to change the regulatory paradigm by setting a minimum set of guiding principles in

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the FAR with only a minimum set of DoD mandatory rules. Then establish a handbook of best practices for people to use as a reference tool. This would include the names of individuals who are experts in their field.

Mrs. Preston ended with a discussion of two ongoing legislative initiatives that will improve the process: consistency in the protest arena, and a move from the concept of a competition standard to a practical method of competition. To make them happen, both initiatives have been attached to the Authorization Bill.

During the question-and-answer session that followed, Mrs. Preston addressed the implementation of FACNET. The DoD is committed to a full and open process through FACNET. The first certified facilities are on line as of July with an increased threshold of \$50 thousand. She also suggested moving to task order contracting for service contracts over \$1 million. The current process takes too long—18 months on average and 300 days for complicated awards. This is non-responsive and unacceptable.

On the issue of a centralized procurement activity Mrs. Preston discussed the experience of other coun-

tries and noted that the centralized systems in Britain and France do not show any benefit. The DoD needs to focus on needed capability to combat a particular threat rather than a centralized system. For example, if the needed capability is to move people from one point to another, not a C-17, DoD can change its proposed solution as it moves through the process. This would allow the program manager to shift his or her focus due to facts and circumstances instead of being penalized for not providing the minimum requirement.

On the issue of software commercial practices, she noted there is a realization that open systems architecture cannot be dictated by a standard, Ada or otherwise. As a result DoD must address the problem of software portability in other ways. If people in the field are given the right tools they will make the right decisions.

On the issue of government standardization, Secretary Preston stated that if people are given discretion, there cannot be standardization. There must be a middle ground. The majority of rules should be guidelines for people to utilize—not standard practice, but a compendium of guidance for the contracting officer. Standardization for industry is not what DoD needs.

Problems with the Industrial Base

Mr. Stephen K. Conver, President, Defense Systems, Lockheed-Martin Corporation, served as the luncheon guest speaker. His presentation focused on problems with the industrial base. He began by emphasizing that the nation owes nothing to the defense industry with reference to future work. The current situation is that DoD dollars have declined since 1985 by 35 percent, and priorities have changed. Yet not all of the military requirements have changed. If forces are smaller and requirements the same, how then does the United States maintain its technological superiority? Current

technology replacement is every 50 years, but technology changes every 10 years. The United States is creating a hollow force because it is ill equipped — not because it is untrained. The United States still has the best weapons, but it is using technology procured in the 1980s. Therefore, with declining procurement budgets we are losing ground.

He further emphasized that the industrial base ought to be built on two principles. First, there needs to be a better balance of defense dollars spent on readiness, force structure, and modernization. Second, while the nation has no obligation to provide future work or employment for the defense industry, it does have an obligation to provide soldiers and sailors equipment that is sufficiently well classed that they can expect to win with minimum casualties. i.e., 'world-class' equipment.

Mr. Conver then offered his prescription for the industrial problem. First, reallocate money into modernization. The United States needs to get technology out of the laboratories and into the field. Second, buy smarter. While acquisition reform is badly needed, it is not a panacea for the budget decline. Third, buy using methods other than traditional procurement methods. Create a national industrial base by using commercial practices. Fourth, rationalize the industry; i.e., shrink the industry to an acceptable size. Competition for competition's sake is a luxury the DoD can no longer afford. Fifth, rationalize the government. The rate at which industry has declined is not matched in the government infrastructure so that the number of government workers exceeds the number of manufacturing workers within the defense industry. Things like government depots are a luxury. The United States needs to privatize all non-combatant activities of the government. Sixth, industry needs to get into adjacent markets; i.e., other than defense markets. The reason the de-

fense industries cannot get into commercial markets is not with the products. They do not understand how commercial markets work and do not have access to commercial markets. The defense industry does not know how this market operates. Lockheed Martin is working with another company that has the knowledge to break into this market.

America is Not as Enamored of Technology As It Used to Be

Beginning Day 3 of the Symposium, Ms. Diedre E. Lee, Associate Administrator, Office of Procurement, National Aeronautics and Space Administration (NASA), delivered her opening remarks with the statement that NASA is not quite as enamored with technology as it used to be. The cost versus the value is being questioned. The NASA budget has been reduced by \$5 billion, and NASA now has a businessman at the helm who is looking at business as well as technical excellence in the agency. Therefore, NASA is going through extensive changes.

In NASA there are two items that are of paramount importance. First, it is concentrating on cost realism and cost control. In other words, "price what is promised." Most of the time NASA awards to the highest technical solution and the highest cost, and poor costing has promoted large overruns. Therefore, NASA is now emphasizing past performance and expects contractors to perform at the price they offer. To further emphasize this point, NASA deducts technical score in source selection for poor cost realism. This is a major cultural change. Second, NASA is providing a cost incentive-type activity in the services area. A cost-sharing provision is included in the contract for the contractor to provide innovation and savings for cost efficiency and cost effectiveness.

Ms. Lee further described what NASA is doing in the area of Elec-

tronic Commerce. It now has a Home Page on the Internet where you can see pictures from Hubbell, or click to the acquisition page for all the synopses on NASA procurements. Also, NASA is no longer using the Commerce Business Daily for information. If interested in the synopsis, the contractor can now go to the solicitation and browse. Encryption will allow NASA to obtain proposals through this same process in the future. This aids small business by working the same way as commercial industry.

During the question-and-answer session following the presentation Ms. Lee addressed the issue of past performance from the NASA perspective in more depth. Relying heavily on award fee data and scores as an indicator of performance, NASA is not in favor of maintaining a database. In addition, phone calls are placed to relevant people to get good data. Any negative information is then brought up in discussions. On the issue of protests, Ms. Lee felt that more open communication is needed. Recently, NASA debriefed contractors who were eliminated at competitive range. The contractors were appreciative.

Less Research and More Action

Mr. Steven J. Kelman, Administrator for Federal Procurement Policy, Office of Management and Budget, followed Ms. Lee's presentation. Acting as guest speaker, he offered his perception of the status of acquisition reform. Mr. Kelman proposed that there should be "less research and more action." There is already some genuine movement to change things, and people are beginning to feel empowered. For instance, the Federal Aviation Administration has just awarded a \$300 million proposal in less than 6 months using oral proposals. This is a real sign of the willingness to change and to find ways to eliminate non-value added cost from the procurement system. The biggest contribution in his perception is one of "personal responsibility." Everyone

on the front line has a responsibility to make genuine contributions and to make a difference.

He further stated that past performance should become a routine part of our acquisition process. Statutory requirements and regulatory guidance are now available in this area. There is no reason we cannot discriminate in favor of someone who does good performance. It is important that contractors satisfy their customers and provide good value. The Office of Federal Procurement Policy recently published a *Best Practices Guide to Past Performance* to assist agencies. Ultimately, DoD plans to authorize the use of past performance down to \$0, and the Air Force is considering equating past performance to technical and cost considerations.

Mr. Kelman felt that the next big challenge is to truly streamline large purchases. "The key is to work toward a strategy that asks, what is being delivered and what can we start not asking for?" The current process is dominated by rooms full of paper incorporating expensive proposals. Yet the bulk of the management proposals and technical proposals are only requested to maintain a comfort level for acquisition personnel.

Oral proposals are one step in the right direction. When made by key personnel on a potential contract, oral proposals will make it easier to select new vendors. By talking to the contractor personnel the contracting office can assure itself that the contractor can do the job. Paper alone does not provide a warm feeling that new people can perform. He also addressed the fact that a statutory change has been requested to authorize a two-phased selection process for large buys. This will allow consideration of only those contractors who are really serious about providing the product by restricting the acquisition to those who have a serious chance at getting the award.

Mr. Kelman then went on to dis-

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cuss the newly authorized technique of Task Order Contracting. This will require award to more than one contractor for a given acquisition, under certain circumstances, and will provide for follow-on, commercial-style competition since one Task Order Contract does not get the best value for a customer. Under the new process there is continued competition on individual task orders with oral proposals and no formal scoring. While individual task orders are not subject to audit, competition creates a valuable tool for better value. "This is an additional tool in the Contracting Officer's tool box."

Mr. Kelman concluded with a request that acquisition success stories be faxed to him at (202) 395-3242 and challenged everyone to think about action not just research.

During the question-and-answer session that followed, Mr. Kelman emphasized that "if the FAR does not say you cannot do it, then it is all right to do it." If the Legal Office says "no," ask them to show you why. While there is no written guidance on oral proposals, many parts of a technical proposal can be acquired in this manner. It is up to the requirements people to make that judgment.

Acquisition Streamlining Legislation Implementation Panel

Ms. Mary Ann Gilleece, Partner, Gadsby and Hanna, moderated the panel and introduced the participants. The Panel focused on the current actions being taken by Congress in the area of Acquisition Reform.

Mr. Paul Brubaker, Deputy Director of the Oversight Subcommittee (Information Technology) of the Senate Government Affairs Committee, provided a discussion on Senate procurement reform activities. He specifically addressed a working group that is considering acquisition reform and will generate a super bill for consideration in the Senate late in the fall. In his opinion, while FASA did some interesting things, it did not generate the bold reforms that are really needed. The working group will generate these bold reforms.

In addition, Mr. Brubaker addressed the status of the Brooks Act. Fifty agencies were surveyed for input and provided the impetus for Senate Bill S946, the proposed Information Technology Reform Act. This Act effectively negates the Brooks Act and establishes a Chief Information Officer within the Office of Management and Budget and in 23 other agencies. It also focuses on information technology as a tool to facilitate change. In his view, the government practice of buying mega systems that are too hard to manage should be altered in favor of smaller more manageable systems using commercially available software. Interagency working groups will be facilitated, under the Bill, to accomplish up-front planning so that the risks can be understood prior to implementation. This will make it easier to design an open system architecture and to buy commodity computers on a real-time basis. Another provision, modeled on the Canadian system, would allow vendors and government professionals to share in savings resulting from the

process. This statutory change will lay the foundation to achieve results.

He completed his discussion by asking the question, "Why can't administrative costs be reduced?" The government could potentially reduce \$875 million a year just by introducing efficiency in the processing of travel orders. Another, \$175 billion savings could be generated by revising oversight practices. It is time to become more efficient in government.

Mr. Bob Copley, Staff Assistant to Representative Meyers (R-Kan.), Chairman House Small Business Committee, discussed some of the small business issues stemming from the proposed H.R. 1670 legislation on acquisition reform. One significant issue concerned insufficient opportunity for small business groups to provide testimony on the Bill, which was potentially viewed as a discouragement to small business participation in government procurement.

Of major concern was the potential change in the competition standard from "full and open" competition to maximum practicable competition. This change was recommended since some agencies were generating competition where competition was not necessary. However, while competition for competition's sake is not considered a good way to do business, full and open competition has proved itself a fair way of doing business. Therefore, this particular change was in his opinion, defeated, and "full and open" competition will still be the standard for government procurement.

Mr. Charles (Chuck) Wheeler, Vice President, Federal Sources Inc., and prior Chief Investigator for the Government Operations Committee discussed his participation on the Brooks Committee where he spent his whole career defending the Brooks Act. The Brooks Act is now being considered for repeal. Even the Procurement Integrity Act, generated in response to Ill Wind, is on the chopping block be-

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cause of procurement reform. In fact FASA is viewed as only 5 percent of necessary reform. Budget reductions will be a major driver in implementing further reform efforts.

During the question-and-answer session that followed the issue of Section 8(a) Programs was raised. Will it be retained, and what actions are being taken? The Panel responded that Congress is radically different; it is much younger, much newer, and wants change. It is anticipated that there will be a major reorganization within Small Business Administration Programs, and Section 8(a) Programs will be changed. Recent testimony implies that Section 8(a) Programs are not working the way they should, and that this type of program may not be the right answer. There is a feeling that other alternatives must be found in which women-owned businesses must be included.

Another question focused on the relationship between the Congress and the Department of Defense. How can employees be empowered when DoD does not trust Congress, and Congress does not trust DoD? The Panel responded that if you can create a structure with genuine competition, you can create trust. Empowerment is difficult because of the trust issue. In addition, a cultural change needs to take place in both Congress and DoD. Congress has got to change its approach in terms of creating oversight to punish people, and DoD has to allow judgement in decision making. As one panelist stated, "an abundance of rules creates the death of common sense." If empowerment is to be a serious endeavor then constraints have to be acknowledged. The government has to move from process orientation toward results, and move away from making rules for every little mistake. Distrust and mistakes cause enormous oversight.

Ms. Gilleece ended the proceedings on the note that Congress serves the electorate, and this is not just procurement professionals. "Everyone must serve the taxpayer."

Editor's Note:

Thirty-three research papers were also presented by acquisition professionals in individual breakout sessions. These presentations focused on different elements of acquisition reform and are compiled in a *Book of Proceedings*. This book is available from NCMA Headquarters for \$35.00 on request. (Call [703] 824-5686, extension 126, or fax [703] 759-0223.)

On behalf of Mrs. Colleen Preston, DUSD(AR), DSMC congratulates the Symposium co-Chairs, Mr. Calvin Brown, DSMC, and Ms. Donna Iretton, NCMA; Program co-Chairs, Mrs. Joan L. Sable, DSMC, and Mr. William Birkhofer, NCMA; and all other volunteers who made the symposium a resounding success.

IDEA — A SUCCESSFUL INTERNATIONAL PARTNERSHIP IN EDUCATION

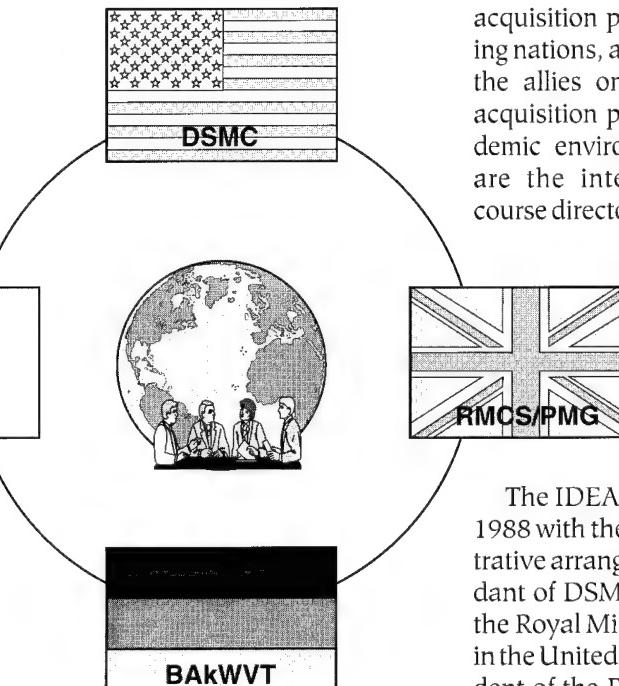
Working Together to Serve the U.S. and European Professional Acquisition Workforce

Richard Kwatnoski

During the second week of July 1995, International Defense Educational Arrangement (IDEA) member nations conducted their 7th annual IDEA Seminar for the first time ever in the United States. Hosted by the Defense Systems Management College at Fort Belvoir, Va., the Seminar was by all accounts the most successful one to date. Over 100 participants attended from 11 nations: United States, United Kingdom, Germany, France (four IDEA member nations); and Belgium, Canada, Denmark, the Netherlands, Portugal, Spain, and Australia.

What is IDEA

The IDEA is an arrangement among equivalent defense acquisition educational institutions in the United States, United Kingdom, Germany, and France. Its purpose is to improve the economy, efficiency and effectiveness of international training and education for acquisition/procurement



management by active cooperation among national defense educational institutions with similar goals.

What Does IDEA Do?

The principal product of IDEA is the annual seminar and the resultant proceedings. The seminar is held during the second week of July, usually at one of the participating institutions. This is a unique opportunity for U.S. and European acquisition personnel to be updated on the international

acquisition policies of the participating nations, and to work together with the allies on relevant international acquisition problems in a quasi-academic environment. The customers are the international acquisition course directors and their institutions, and the seminar participants and their sponsoring organizations.

Who Initiated IDEA and When?

The IDEA formed in November of 1988 with the signing of the administrative arrangement by the Commandant of DSMC, the Commandant of the Royal Military College of Science in the United Kingdom, and the President of the Federal Academy of Defense Administration and Technology in Germany. The French accession letter was signed in July 1991 by their Delegate General for Armaments, the equivalent to the Under Secretary of Defense for Acquisition and Technology in the United States. France is represented by the Directeur of the Centre d'Enseignement et de Formation d'Arcueil.

Mr. Kwatnoski is a Professor of Engineering Management and Director, International Acquisition Courses, DSMC.

Continued on page 52

DSMC HOSTS 7TH ANNUAL IDEA

Over the last 7 years, the International Defense Educational Arrangement (IDEA) Seminar has proven its worth as an international educational partnership that works. Each year one of the four member nations — United States, United Kingdom, Germany, France — hosts this annual event. The goal of Seminar participants is to share international acquisition practices and cooperative programs. This year's Seminar, held at DSMC's main Fort Belvoir campus, drew participants from 11 different nations.



1. Ms. Sharon Boyd and Ms. Lisa Hicks, "IDEA Team" members, review in-processing procedures prior to arrival of Seminar participants.

2. DSMC Professor Richard Kwiatnoski, IDEA Seminar Director, explains the U.S. international acquisition education program.

3. From left: Dr. Paul G. Kaminski, USD(A&T) greets Brigadier McBean, Deputy Commandant, Royal Military College of Science, United Kingdom, at IDEA Board of Directors luncheon.

4. The first National Presentation of the Seminar was offered by Mr. Alfred G. Volkman, Principal Director, International Armaments Cooperation, Office of the Secretary of Defense, on behalf of the United States.

2.



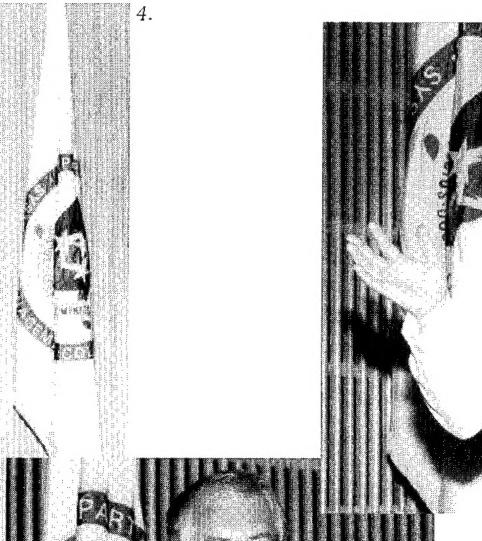
5. The second National Presentation of the Seminar was given by Mr. Paul Kennedy, Counsellor, Defence Science and Equipment, British Embassy, on behalf of the United Kingdom.

6. Offering the fourth National Presentation of the Seminar, ICA Patrick Bellouard, Assistant Defense Cooperation Attaché, Embassy of France, spoke on behalf of the nation of France.

A SEMINAR - 10-14 JULY 1995



4.



3.



7.

7. Ms. Susan Ludlow-MacMurray, General Counsel, Defense Security Assistance Agency, addresses legal aspects of international projects.



8.



9.



6.

9. From left: Professor Peter Roller, FADA&T, Germany; Ministerialrat Dr. Hartmut Rudloff, German Ministry of Defence; and Seminar Director, DSMC Professor Richard Kwiatnoski, greet arrivals on the first day of the IDEA Seminar.

Keynote Speaker

Addressing the audience as the Keynote Speaker on 12 July 1995 in DSMC's Essayons Theater, Dr. Paul G. Kaminski, Under Secretary of Defense for Acquisition and Technology, expressed his strong commitment to international cooperation and collaboration between our respective acquisition communities. Discussing some of the difficulties expected with the current economic climate, Dr. Kaminski noted that U.S. investment accounts peaked in 1987 to \$160 billion U.S. dollars. This year, U.S. investment accounts are down to \$100 billion U.S. dollars, with procurement accounts down about two-thirds. "We are undergoing very significant restructuring and downsizing. We have bottomed out. We must put sanity back into our requirements processes."

Educating the Professional Acquisition Workforce

Stressing the importance of educating the professional acquisition workforce, Dr. Kaminski said, "There is a training and education dimension to lasting institutional change as well — this is where many of you educators in the audience can make a strong contribution. I, and I believe I can safely speak for the other NADs [National Armaments Directors], am looking to you educators to better train our acquisition staffs and program management workforce to deal with the additional complexities associated with armaments cooperation and commercial practices."

"We need," he continued, "to educate the other executive departments and legislative branches of government within our respective countries as well. We will not be given the latitude and flexibility to implement the management principles and acquisition policies I spoke of earlier, unless we educate the democratic

institutions in our respective countries on the planning and stability needs of international cooperative programs."

Concluding his remarks, Dr. Kaminski discussed how the success of U.S. efforts to reform acquisition will directly or indirectly affect our allies: "This process of acquisition reform, in my opinion, is not going to work until we get buy-in at domestic and international working levels."

Looking Ahead

The 8th Annual IDEA Seminar will be held at the Royal Military College of Science, Shrivenham, United Kingdom, 8-12 July 1996. For further information concerning next year's IDEA Seminar, contact the School of Program Management Division, Executive and International Department, DSMC:

Commercial: (703) 805-2549
DSN: 655-2549
Telefax: (703) 805-3175.

DSMC Hosts Air Force/Air Force Association Industry Roundtable

On 11 August 1995, Air Force, Air Force Association (AFA), and Industry representatives gathered for a round-table discussion in DSMC's Howell Auditorium, Fort Belvoir, Va., to solicit Industry's feedback and input on the Air Force's Acquisition Reform Lightning Bolt Initiatives. This is part of a series of national round-tables sponsored by the AFA to provide Industry a vehicle to express their concern and support for the Lightning Bolt Initiatives.

Pictured from left: Mr. Chuck Durazo, National Director, Air Force Association; Lt. Gen. Charles E. Franklin, USAF, Commander, Electronic Systems Center; Mrs. Darleen Druyun, Acting Assistant Secretary of the Air Force (Acquisition); Mr. Tony Kausal, DSMC's Air Force Chair; and Mr. Tom McKee,



Photo by Richard Mattox

President, AFA's Aerospace Education Foundation. Future roundtables are scheduled for Los Angeles, Dallas, Boston, and Dayton.

FROM THE COMMANDANT

It is a pleasure to be writing to you again. As I have often commented in the past, things are busier than ever at DSMC. On 6 Sep 95, we welcomed the students of the Advanced Program Management Course (APMC) 95-2. This is the first class where all 420 students will attend the new, 14-week APMC. You may recall APMC was piloted with 60 students in APMC 95-1. Thus far, all is going very well, and the students are off to a great start. All other new program management courses are on track and doing extremely well. We are now looking at ways to improve our courses and other DSMC products (research, consulting, and information dissemination).

Recently, the senior leadership and I held an offsite to develop ways to improve the products we provide you. We reviewed our current planning, strategic goals, and measures of success to determine how well these strengthen our aim to support you as a member of the acquisition workforce. We were pleased with what we saw and the resulting products you now enjoy as indicated by your feedback to us. However, we found a lot of room for improvement.

One key area for improvement is that of establishing proactive (predictive) measures at the corporate level. We need measures that address your emerging and future needs. While we have and will continue to be responsive to your current needs, we need to be proactive as well to provide you better inputs for your planning horizons. Over the next few months, we will develop these measures and will be seeking your advice and suggestions. We want to make sure these measures are meaningful to you and to us.

The future of DSMC and our ability to continue providing quality products to you is critically dependent on our constantly reviewing what we are doing and your level of satisfaction with what we are doing. These are exciting times for the College, and we appreciate your past support and happily look forward to your support in the future. Until the next time...

—Brig. Gen. Claude M. Bolton, Jr., USAF
Commandant



PROGRAM MANAGER